



REPORT OF INDEX REVIEW COMMITTEE

Government of India
Ministry of Labour & Employment
Labour Bureau
Chandigarh
September, 2026

Report of the Index Review Committee

We, the undersigned, members of the Index Review Committee constituted by the Ministry of Labour & Employment, Government of India vide order F.No.Y-15011/12/2024-ESA(LB) dated 22nd June, 2026 have adopted the Report and submitted it.

Name & Designation	Signature
Prof. Arup Mitra , Chairman (Professor, Faculty of Economics, South Asian University)	
Shri Alok Chandra , Member (Principal Labour & Employment Advisor, Ministry of Labour & Employment)	
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Shri Amit Ray , Member (Senior Economic Adviser, Department of Consumer Affairs)	
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Shri Ram Sajeevan , Member For (Additional Director General, Price Division of Ministry of Statistics and Programme Implementation)	
Shri Anish Mishra , Member (All India Finance Secretary, Bharatiya Mazdoor Sangh)	
Dr. Harish Anand , Member (AVP- Economic Affairs, Federation of Indian Chambers of Commerce & Industry)	
Sh. Shakti Kant Singh , Member (Director, Ministry of Rural Development, New Delhi)	
Tmt. Sherina , Member (Joint Director, Department of Economics and Statistics, Government of Tamil Nadu)	
Shri Kanishk Madhukar Kamble , Member (Deputy Commissioner & OSD, Government of Maharashtra)	
Shri Virender Singh , Member Secretary (Deputy Director General, Labour Bureau)	

List of Abbreviations

Abbreviation	Full Form
AAY	Antyodaya Anna Yojana
AI	Artificial Intelligence
APL	Above Poverty Line
BMS	Bharatiya Mazdoor Sangh
BPL	Below Poverty Line
CAPI	Computer-Assisted Personal Interviewing
CPI	Consumer Price Index
CPI-AL	Consumer Price Index for Agricultural Labourers
CPI-AL/RL	Consumer Price Index for Agricultural and Rural Labourers
CPI-IW	Consumer Price Index for Industrial Workers
CPI-R	Consumer Price Index-Rural
CPI-RL	Consumer Price Index for Rural Labourers
CPI-U	Consumer Price Index-Urban
CPI-UNME	Consumer Price Index for Urban Non-Manual Employees
COGI	Cost of Goods Index
COICOP	Classification of Individual Consumption by Purpose
COLI	Cost of Living Index
CSO	Central Statistical Organisation
CU	Consumption Unit
CV	Coefficient of Variation
DA	Dearness Allowance
DES	Department of Economics and Statistics
FOD	Field Operations Division
GM	Geometric Mean
HCES	Household Consumption Expenditure Survey
ICMR-NIN	Indian Council of Medical Research - National Institute of Nutrition
ILO	International Labour Organization
IMF	International Monetary Fund
IRC	Index Review Committee
MLA/MP	Member of Legislative Assembly / Member of Parliament
MoSPI	Ministry of Statistics and Programme Implementation

Abbreviation	Full Form
MSP	Minimum Support Price
NCO	National Classification of Occupation
NIC	National Industrial Classification
NSS	National Sample Survey
NSC	National Statistical Commission
NSO	National Statistical Office
OECD	Organisation for Economic Co-operation and Development
PDS	Public Distribution System
PM POSHAN	Pradhan Mantri Poshan Shakti Nirman
PPS	Probability Proportional to Size
PR	Price Relative
RBI	Reserve Bank of India
RHRS	Repeat House Rent Survey
STC	Standing Tripartite Committee
TAC on SPCL	Technical Advisory Committee on Statistics of Prices and Cost of Living
ToR	Terms of Reference
UNECE	United Nations Economic Commission for Europe
UT	Union Territory
VDA	Variable Dearness Allowance
WCFI&ES	Working Class Family Income & Expenditure Survey

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CHAPTER 1

INTRODUCTION

1.1 Background

1.1.1 The Labour Bureau, an attached office of the Ministry of Labour & Employment, was set up in 1946 as a successor to the Cost of Living Index Directorate, which had been established at Shimla in 1941. This was pursuant to the recommendation of the Rau Court of Enquiry (1940) that the Government of India maintain centralised cost-of-living index numbers. On its formation, the Bureau began compiling and publishing an interim series of the All India Average Working Class Cost of Living Index Numbers on base 1944=100, later rebased to 1949=100. Following the recommendation of the 6th International Conference of Labour Statisticians (1947) that the nomenclature “Cost of Living Index Numbers” be replaced by “Consumer Price Index Numbers”, the series covering working class families deriving their earnings principally from manual work came to be designated the Consumer Price Index for Industrial Workers (CPI-IW). Its scientific, uniform compilation began with the Family Living Survey conducted at 50 centres during 1958-59, on the basis of which Labour Bureau released CPI-IW on base 1960=100. The base year has since been revised in 1982, 2001 and 2016, with a further revision currently under way.

1.1.2 Labour Bureau has similarly been compiling a dedicated and labourers centric price index for agricultural labour households since September 1964. Its origin can be traced back to the Minimum Wages Act, 1948, which required that minimum wages for scheduled employments, agricultural employment among them, be fixed and revised from time to time, having regard to the cost of living. Since the agricultural labourer - owning no land or capital of his own and dependent almost entirely on wage-paid manual work - had a consumption pattern markedly different from that of the general population, a dedicated index built around this population's own consumption basket was required. The Consumer Price Index for Agricultural Labourers (CPI-AL) on base 1960-61=100, drawing its weighting diagram from the Second Agricultural Labour Enquiry (1956-57), was released in 1964. This series had succeeded an interim series on base 1950-51=100, constructed on the results of the First Agricultural Labour Enquiry conducted by the Bureau itself in 1950-51. The series was further

rebased to 1986-87=100, with weights drawn from the 38th Round of the NSO Consumer Expenditure Survey, at which stage the Consumer Price Index for Rural Labourers (CPI-RL) was introduced for the first time, extending the index to rural households dependent on both agricultural and non-agricultural manual work. The CPI-AL/RL were subsequently rebased to 2019=100, with significant increase in the coverage extending to 34 States/UTs and 787 sample villages. A further base revision exercise is presently under way.

1.1.3 The price indices compiled by Labour Bureau are part of an umbrella scheme named LEAPS (Labour, Employment and Price Statistics). The scheme has been accorded approval by the Standing Finance Committee (SFC) in October, 2025. The SFC involved participation from various ministries, including MoSPI. Base revision of CPI-IW and CPI-AL & RL are approved activities under LEAPS.

1.1.4 The Labour Bureau has, from time to time, constituted Index Review Committees (IRCs) as a key institutional mechanism to undertake comprehensive reviews and recommend improvements to ensure that its indices keep up to pace with changing economic scenario. Three such committees have been constituted in the past viz. the Rath Committee (1977), the Seal Committee (1980), and the Chadha Committee (2006). Each of these committees played a vital role in guiding and strengthening CPI-IW, providing critical recommendations about methodology and expansion of its scope in terms of sectors, centres, and sample size. However, it has now been more than two decades since last such review. Thus, it was considered necessary to comprehensively evaluate the conceptual framework, methodology, coverage, weighting pattern and price collection procedures for CPI number compiled by the Bureau.

1.1.5 Further, there has been introduction of the Consumer Price Index (Urban) and Consumer Price Index (Rural) by the Ministry of Statistics and Programme Implementation (MoSPI) since 2011. The indices compiled by MoSPI are general-population inflation indicators markedly distinct from Labour Bureau's targeted wage-indexation instruments. However, there has been discussion in MoSPI on the overlap between the CPI series compiled by the two organisations. In light of this, the National Statistical Commission (NSC), in its 140th meeting held on 24th March 2026 under the

chairpersonship of Prof. R.L. Karandikar, advised the Labour Bureau to set up a committee to look into the feasibility of using CPI-U in place of CPI-IW.

1.1.6 Accordingly, it was decided to constitute an Index Review Committee (IRC) to review the conceptual framework, methodology, coverage, weighting patterns and price collection procedures of CPI-IW and CPI-AL/RL compiled by Labour Bureau, and to undertake a comprehensive comparison of these indices with the Consumer Price Indices compiled by MoSPI. The constitution and Terms of Reference of the Committee are set out below.

1.2 Constitution of Index Review Committee

1.2.1 The Ministry of Labour & Employment, vide Order F.No. Y-15011/12/2024-ESA(LB) dated 22nd June 2026, decided to constitute the Index Review Committee (IRC) to advise the Government on matters pertaining to CPI-IW and CPI-AL/RL. A copy of the said Resolution is provided in **Annexure I**.

1.2.2 The composition of the IRC was as under:

Chairman: Shri Arup Mitra, Professor, Faculty of Economics, South Asian University, Delhi

Members:

(i) One member representing Central Trade Unions

Representative from Bhartiya Mazdoor Sangh (BMS)

(ii) One member representing Employers' Organizations

Representative from Federation of Indian Chambers of Commerce & Industry (FICCI)

(iii) Four representatives of Central Government

a. Adviser (Price), Economic Division, Department of Economic Affairs

b. Senior Economic Adviser, Department of Consumer Affairs

- c. Additional Director General, Price Division, Ministry of Statistics and Programme Implementation
- d. Senior Economic Adviser, Department of Rural Development, Ministry of Rural Development

(iv) Two representatives of State Governments

- a. Representative from the Commissioner of Labour, Government of Maharashtra
- b. Representative from the Department of Economics and Statistics (DES), Government of Tamil Nadu.

(v) Representatives of the Ministry of Labour and Employment

- a. SLEA/DDG as representative of Ministry of Labour and Employment
- b. Director General, Labour Bureau
- c. Deputy Director General (CPI-IW), Labour Bureau, as Member Secretary.

(vi) Academic Representative

Senior Professor Dibyendu Maiti, Delhi School of Economics

1.2.3 The Terms of Reference of the IRC, as set out in the Order dated 22nd June 2026, are as follows:

- (i) To review the conceptual framework, methodology, coverage, weighting patterns and price collection procedures of the Consumer Price Index for Industrial Workers (CPI-IW) and the Consumer Price Index for Agricultural and Rural Labourers (CPI-AL/RL); and
- (ii) To undertake a comprehensive review of the Consumer Price Indices brought out by Labour Bureau vis-à-vis other Consumer Price Indices viz. CPI-U and CPI-R compiled by MoSPI, and to make suitable recommendations on the feasibility of their inter-se substitution.

The Committee was directed to submit its report within a period of two months from the date of issue of the Order.

1.2.4 The tenure of the Committee was subsequently extended by a further period of one month beyond 22nd August 2026, vide Order of even number dated 27th August 2026, on the same terms and conditions as stipulated in the Ministry's Order dated 22nd June 2026. The extended term of the Committee is ending on 21st Sept 2026. A copy of the said extension Order is given as **Annexure II**.

1.3 Earlier Index Review Committees

1.3.1 The present Committee is the fourth Index Review Committee to be constituted by Ministry of Labour & Employment. Three such committees have been constituted in the past.

1.3.2 **Rath Committee** (1977-78): Central trade unions demanded a committee to examine all aspects of CPI-IW. The Government of India, Ministry of Labour, responded by constituting a Committee on Consumer Price Index Numbers under the chairmanship of Prof. Nilakantha Rath, the Gokhale Institute of Politics and Economics, Poona. The Committee recommended extending coverage to four additional sectors: Railways, Public Transport Undertakings, Electricity Generating & Distributing Establishments, and Ports & Docks. Further, the committee recommended that the number of centres be increased.

1.3.3 **Seal Committee** (1980-81): The Government constituted a committee under the chairmanship of Dr. K.C. Seal, Director General, Central Statistical Organisation, Department of Statistics, to look into the question of preparation of a new series of CPI Numbers. The committee accepted the recommendations of Rath Committee about extending the coverage of CPI-IW to 7 sectors and expanding the Centres. Further, the committee also recommended to increase sample size, and perform data collection from March 1981 to February 1982, a period of 12 months to eliminate seasonality.

1.3.4 **Chadha Committee** (2006-09): This Index Review Committee was constituted in 2006 under the chairmanship of Prof. G.K. Chadha, who was a member of Prime Minister's Economic Advisory Council. The Committee submitted its report in 2009. It

recommended the establishment of the Standing Tripartite Committee (STC), stakeholder consultation at every stage of index compilation, and provision of enhanced training and incentives to price collectors. The Committee also recommended extending the sectoral coverage of CPI-IW to include Handloom and Construction sectors so that approximately 70 percent of workers in the non-agricultural sector are covered.

1.4 Meetings conducted by the present IRC:

1.4.1 First meeting of the IRC was held on 13th July 2026 at Labour Bureau, Chandigarh. In this meeting the Committee discussed the ToR, following which Labour Bureau made a presentation on the CPI-AL/RL and CPI-IW, covering its conceptual framework, the existing series and the rationale for the ongoing revision. This was followed by detailed discussion by members on the scope for convergence of databases, cross-verification of price data using technology, the survey design, treatment of housing and PDS items, and the rationale for retaining separate agricultural and rural labour categories. The Chair advised Labour Bureau to prepare comprehensive technical notes on the issues discussed, incorporating the suggestions received from Members to enable focused deliberation and expedite preparation of the Committee's report. The minutes of the meeting and the presentations made by Labour Bureau are given in **Annexure III** and **IV** respectively.

1.4.2 Second meeting of the IRC was held on 17th August 2026 at Labour Bureau, Chandigarh. Labour Bureau shared the technical notes with the members before the meetings and made detailed presentations during the meeting on the conceptual framework, methodology, coverage, weighting pattern and price collection procedures of CPI-IW, a comparative analysis of CPI-IW vis-à-vis CPI-U and sharing international practices and examples including the practices suggested by ILO and other international organisations. Labour Bureau also presented the conceptual framework, existing series, ongoing base revision and comparison of CPI-AL/RL with CPI-Rural. Members had detailed discussions on the sample size and centre/market selection, treatment of seasonal and PDS items, digitalization of price collection, and the definition of “working class family”. Based on detailed discussion during the meeting, the members concluded that convergence of the CPI series compiled by Labour Bureau with those of MoSPI was not feasible given the significant differences and

strong rationale for separate compilation. The Committee also held that the HCES cannot be used for deriving the weighting diagram for CPI-IW, and that a separate conduct of the Working Class Family Income & Expenditure Survey is necessary. The five-chapter structure of the Report was agreed upon in the meeting. The minutes of the meeting and the presentations made by Labour Bureau are given in **Annexure V** and **VI** respectively.

1.4.3 Third meeting of the IRC was held on 14th September, 2026 at the South Asian University, New Delhi. The main agenda for the meeting was discussion on the draft report prepared and circulated by Labour Bureau to all the members. The report was discussed in detail during the meeting, during which members offered their observations and suggestions for incorporation into the report. The minutes of the meeting are at **Annexure VII**.

1.4.4 Fourth meeting of IRC was held on 19th September, 2026 at Labour Bureau, Chandigarh. In this meeting, the revised draft report was discussed. The suggestions of the members provided during the meeting were incorporated and the committee thereafter finalized the report. The minutes of the meeting are provided in **Annexure VIII**.

1.4.5 The IRC based on deliberations held during the meetings concluded that CPI-IW and CPI-AL/RL serve important purpose of wage indexation and statutory mandate. These indices compiled by Bureau are fundamentally different from CPI-U and CPI-R respectively in terms of their purpose, target population, coverage, sampling design, and weighing pattern. In line of this, the Committee recommended continued compilation of CPI-IW and CPI-AL/RL.

1.5 Scheme of the Report

1.5.1 The Report is organised into five chapters:

Chapter I sets out the background leading to the constitution of the Index Review Committee, reproduces the Resolution constituting the Committee along with its composition, and its Terms of Reference. It also gives an account of the earlier Index Review Committees constituted by Labour Bureau, the meetings held by the present Committee, and the scheme of this Report.

Chapter II deals with the Consumer Price Index for Industrial Workers (CPI-IW). It traces the background of CPI-IW, its coverage, the Working Class Family Income & Expenditure Survey which forms the source of its weighting diagram, sets out the price collection machinery, and explains the methodology followed for index compilation, along with the recommendations made by the Committee in this regard.

Chapter III deals correspondingly with the Consumer Price Index for Agricultural and Rural Labourers (CPI-AL/RL), covering its background, evolution over time, rationale, scope & coverage, price collection mechanism and methodology of compilation. It also outlines new methodological directions such as exploring consumption unit approach, treatment of welfare items, alignment with COICOP, and hedonic pricing etc.

Chapter IV undertakes a comparison of the Consumer Price Indices compiled by Labour Bureau with the Consumer Price Indices compiled by MoSPI. It sets out the background to this comparison and separately compares CPI-IW with CPI-U, and CPI-AL/RL with CPI-R.

Chapter V presents a summary of the recommendations made by the Committee in respect of CPI-IW and CPI-AL/RL.

CHAPTER 2

CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS

2.1 Background

2.1.1 The origin of CPI-IW (initially called Cost of Living Index Number) can be traced back to sharp rise in prices following World War I causing a severe deterioration in the living conditions of industrial workers. Several Provincial Governments began to independently conduct Family Budget Enquiries and compiling cost of living index numbers for their own industrial workers. However, these exercises were not conducted on uniform lines, had different methodologies, different base periods, and different coverage. The result was a patchwork of series that could not be meaningfully compared.

2.1.2 The formal, centralised foundation of CPI-IW was laid by the Rau Court of Enquiry, constituted in 1940 under the Trade Disputes Act, 1929 to investigate the dearness allowance for railway employees. It found that the prevailing cost of living index numbers were unsatisfactory and recommended that the Government of India should consider preparation and maintenance of centralized index numbers.

2.1.3 The Government accepted this recommendation and in 1941 set up a Cost of Living Index Directorate at Shimla under the "Cost of Living Index Numbers Scheme". This was the immediate institutional ancestor of today's Labour Bureau. Under this Directorate, Family Budget Enquiries were conducted between 1943 and 1946 at 28 centres across undivided India. These enquiries formed the first centrally-organised, systematic attempt to understand the consumption pattern of industrial workers.

2.1.4 The Labour Bureau immediately began compiling and publishing an interim series of All India Average Working-Class Cost of Living Index Numbers on base 1944=100. Shortly after, the base of this interim series was shifted to 1949=100. However, the lack of uniformity in the methods used to compile individual series, along with the outdated nature of the data, led the Bureau to initiate enquiries for revising the existing series.

2.1.5 The 6th International Conference of Labour Statisticians held in 1947 recommended that the nomenclature "Cost of Living Index Numbers" be substituted by "Consumer Price Index Numbers". India adopted this internationally recognised terminology, further aligning its statistical practices with global norms. Since, at that point the index measured changes in prices of a basket of goods and services consumed by working class households, deriving major earnings of household from manual work in factories, it was named as Consumer Price Index for Industrial Workers (CPI-IW).

2.1.6 The scientific compilation of CPI-IW began with conduct of large-scale Family Living Surveys by the Labour Bureau at 50 industrially important centres across the country during 1958–59, under the guidance of the Technical Advisory Committee on Cost-of-Living Index Numbers. Based on the results of this survey, the Labour Bureau compiled and published centre-wise and All India Consumer Price Index Numbers for Industrial Workers with base year 1960=100. Since then, the base year of CPI-IW has been revised three times, i.e. 1982=100, 2001=100, and 2016=100. A further base revision exercise is in the process for which an Expert Group under the chairmanship of Shri Asit Kumar Sadhu, former member of the NSC has been constituted.

2.2 Coverage of CPI-IW

2.2.1 The CPI-IW measures the relative changes in retail prices over a period of time with respect to a fixed set of goods and services consumed by an average working class family. A working class family is a family which is situated within the centre, has at least one member working as a manual worker, and derives 50 percent or more of its income during the calendar month preceding the day of enquiry through manual work. Manual work for the purpose of index is defined as "work involving sufficient physical labour but at the same time not requiring much of educational background in the field of general, scientific, technical or other education".

2.2.2 The difference between the concept of "family" used in the WCFI&ES and the "household" adopted by NSS in its Household Consumption Expenditure Survey (HCES) was brought out and is critical. The working class family, as used in the WCFI&ES, is a unit whose members are related to one another by blood, marriage or adoption, residing together and sharing consumption from a common kitchen. This is

distinct from the NSO concept of a household, which does not require members to be related by blood or marriage, and treats as a single household any group of persons who normally live together and take food from a common kitchen.

2.2.3 The worker under current CPI-IW series belongs to one of the seven selected sectors viz. Factories, Mines, Plantation, Railways, Public Motor Transport Undertakings, Electricity Generating & Distributing Establishments, and Ports & Docks. When the CPI-IW began in 1944, it covered only factory workers. Mines and plantations were added in 1960 series, and the remaining four sectors were brought under coverage since 1982 series. From the 1982=100 series the sectoral coverage stood extended from three sectors to seven, where it has remained through the 2001=100 and 2016=100 series. The Chadha Committee recommended that coverage be extended beyond the existing seven sectors to include newly emerging sectors, principally construction and handloom sector. In the base revision exercise currently under way for the proposed series, the sectoral coverage will be extended to 8 sectors with addition of the construction sector. This has been recommended by the Expert Group constituted under the Chairmanship of Shri Asit Kumar Sadhu, former member of the NSC, to guide the process of base year revision.

2.2.4 The IRC held detailed discussion on the coverage of CPI-IW. The Committee suggested that the definition of "manual workers" need to be revisited in light of changes in the nature of work and the emergence of new occupations. The committee suggested that this requires further technical deliberation which can be carried out in the Expert Group constituted for the base year revision exercise.

2.2.5 The Committee had discussion on the possibility of inclusion of gig and platform workers in the purview of CPI-IW. It emerged that gig and platform workers fall outside the traditional employer-employee relationship, and therefore may not fall under the purview of present scope and mandate of CPI-IW. A suggestion was also made for covering the urban slum dwellers in the Labour Bureau's CPI data by bringing out a separate index series, if the same cannot be covered under the existing series.

2.2.6 Since CPI-IW is used for revision of Dearness allowance of the Central and State Government employees, and other Public Sector Undertakings, the Committee also discussed the representation of State or Central Government employees in its

coverage. Labour Bureau informed the Committee that CPI-IW has good representation of the government sector. Its four sectors, viz. Railways, Public Motor Transport Undertakings, Electricity Generating & Distributing Establishments, and Ports & Docks, have predominant representation of workers from the government sector. In addition, other sectors of CPI-IW, such as Factories and Mining, also include workers from public sector undertakings.

2.3 Working Class Family Income & Expenditure Survey

2.3.1 Working Class Family Income & Expenditure Survey (WCFI&ES) is the primary source of information on income & expenditure patterns of working class families. Since the consumption pattern of the working class population changes over time, the consumption basket is updated periodically. The International Labour Organisation recommends that such surveys be conducted at least once in every ten years, and the Chadha Committee reiterated that the intervening gap between two series should not exceed ten years. The Labour Bureau has conducted such surveys during 1958-59, 1981-82 and 1999-2000, and, for the present series, from January to December 2016.

2.3.2 Further, base revision exercise for the upcoming CPI-IW series is being undertaken under the guidance of Expert Group and Standing Tripartite Committee (STC). Towards this, five Expert Group meetings and one meeting of the STC have been held so far.

Information Collected through WCFI&ES

2.3.3 The information collected through WCFI&ES relates to all members of a working class family during the reference month and covers the nature of employment along with industry and occupation, age, marital status, literacy level, economic and activity status; income and receipts from various sources; the quantity and expenditure on various items purchased and consumed; expenditure on housing; expenditure on items of non-consumption; and investments and indebtedness along with the source and purpose of loans. Two schedules are canvassed:

- **Schedule 'A'** designed to collect information on average monthly income and receipts, average monthly expenditure and disbursements on all consumable as well as non-consumable items with quantities consumed, capital outlays and

consumer durables, demographic particulars, purchase source of important items, budgetary position, indebtedness and the dwelling inhabited.

- **Schedule 'B1'** designed to collect information on housing conditions, particularly the house rent paid and the availability of basic amenities including water and electricity, the number of rooms and the approximate area.

2.3.4 The Committee held that the data from WCFI&ES can enrich India's research ecosystem. It recommends that the anonymized unit-level data from WCFI&ES conducted by Labour Bureau may be made available in public domain so that it can be used for research purpose.

Coverage of Centres

2.3.5 The working class families are covered from selected centres. A centre is a specific location with high concentration of industrial workers, determined on the basis of employment data collected from the state government. Centre for a state could be a cluster of establishments concentrated in a particular area or a district or in some cases, the entire state.

2.3.6 The coverage of the centres for the WCFI&ES is extensively reviewed on the basis of employment data furnished by the States/UTs for different sectors. The number of centres to be surveyed are primarily decided on the basis of increase in employment of industrial workers vis-a vis the last survey, inclusion of States/Union Territories not represented earlier, the requirement for building up a representative all-India average Consumer Price Index Series, and operational feasibility.

2.3.7 All the three previous IRCs recommended that the number of centres in the CPI-IW to be increased, if possible proportionate to the increase in employment in the sectors covered under the series. Keeping these recommendations in mind, the number of centres were progressively increased in each series. It increased from 50 centres in 1958-59, to 70 in 1981-82, 78 in 1999-2000, and 88 in 2016. These 88 centres spanned 28 States/UTs and covered approximately 60 percent of total employment in the seven sectors.

2.3.8 The allocation of centres among Mining, Plantation and the remaining four sectors, and among States/UTs, follow the three-stage process laid down by the Technical Advisory Committee on Statistics of Prices and Cost of Living (TAC on SPCL).

- **Allocation among sectoral groups:** The sectors covered are divided into three groups, namely Mining, Plantation and the remaining five sectors taken together. The total number of centres are allocated among these groups in proportion to the employment in each group relative to total employment in the country. It is ensured that the number of Mining and Plantation centres covered during the previous survey are retained.
- **Allocation among States:** The number of centres allocated to each group are then distributed among the States on the basis of industrial employment in the State, subject to a maximum of five centres being allotted to a State in a sector, so that the smaller States can also secure representation. Once a centre has been selected, all the sectors available at that particular centre are duly covered in the WCFI&ES.
- **Selection of individual centres:** The names and locations of the centres are then selected on the basis of centre-wise industrial employment data provided by the state governments, and subsequent extensive consultation with them. Centres likely to have major industrial activity in the future are taken into consideration.

2.3.9 In CPI-IW (2016=100) series, total 88 centres were covered. The sector-wise break-up of the centres includes 8 centres in Mining, 12 in Plantation, and 68 in remaining five sectors. The detailed list of centres covered in 2016 series are provided in **Annexure IX**.

2.3.10 The Committee endorses the recommendation of previous IRCs to continuously expand the coverage of centres and recommends that the number of centres be increased further, in consultation with the Expert Group.

2.3.11 The possibility of using randomised procedure for the process of selection of centres was discussed. Labour Bureau clarified that centre selection for the WCFI&ES

is based on employment data, since the survey requires a significant concentration of working class families at a centre to be carried out successfully. Employment data furnished by the State Governments, together with exhaustive State-level consultation, is accordingly used for this purpose, as the State-level series also run parallel to the series compiled by Labour Bureau. The committee endorses this procedure of centre selection.

2.3.12 . The Committee also recommends that complete information about the Centre-level data, including their weighing diagram along with the index, should be made available in the public domain.

Sample Size

2.3.13 The minimum sample size for a centre is fixed at 216 families for Schedule 'A' (income and expenditure) and 84 dwellings for Schedule 'B1' (house rent). The sample size for centres is adjusted to multiples of 216 and 84 respectively so as to achieve an equitable distribution of work among field investigators. The sample size for a centre is arrived at using the following methodology as prescribed by previous IRCs:

- **Common Centres:** For the common centres (centres common with previous surveys), the sample size is determined using the Coefficient of Variation of sub-sample indices over 36 months for each centre, compared with the envisaged precision of 2 per cent. Where the average CV is less than or equal to 2 per cent, the sample size of the previous survey is retained. Where the average of the 36-month CV exceeded 2, the sample size is determined by multiplying the sample size of the previous WCFI&ES by $(C.V.)^2/4$, restricted to twice the previous sample size.
- **New centres:** The new centres, for which past indices are not available for working out the CV, the sample size is determined after taking into consideration the variability observed at neighbouring or similar centres and the size of employment of industrial workers at the centre.

2.3.14 The sample size is not reduced at any centre. Under the criteria applied in the 1971 survey, the sample size of certain centres had fallen below that of the 1958-59 survey even though their working class population had grown. The Rath

Committee took note of this, and the Seal Committee decided that no such reduction should take place in the 1981-82 survey. That practice has been followed in the 1999-2000 and 2016 surveys as well.

2.3.15 The Committee enquired about the adequacy of the total sample size for a representative index. Labour Bureau informed that the sample size for the 2016 series was 48,384 households for Schedule 'A' and 18,816 for Schedule 'B1', which was found sufficient.

Sampling Design

2.3.16 The sampling design adopted for the WCFI&ES is a stratified two-stage design, with clusters of blocks or establishments as the first stage units and working class families as the second stage units. Preliminary enquiries are conducted with a view to defining the boundaries of each centre, examining the feasibility of adopting the tenement or the pay-roll method of sampling, collecting information on the concentration of the working class population and framing the list of first stage units.

2.3.17 The type of sampling adopted at each centre is decided after taking into account the information collected during the preliminary survey. Tenement sampling is followed at those centres and sectors where at least 75 per cent of workers are identifiable through the tenement approach; in other cases pay-roll sampling is adopted.

- **Tenement sampling:** Where tenement sampling is adopted, clusters of blocks are formed so as to secure maximum heterogeneity within the cluster with respect to one or more of the following characteristics: the type of industry, the working class population engaged in it, the state of origin of the workers and the percentage of concentration. The design is two-stage, with blocks or clusters of blocks as the first stage units and the working class family as the unit at the second stage.
- **Pay-roll sampling:** Where pay-roll sampling is adopted, the establishments in each sector have generally been divided into two strata, the first consisting of large establishments each with an average number of workers

generally exceeding one thousand and the second consisting of the remaining establishments. The total sample of second stage units for the centre are distributed among the sectors present at that centre in proportion to the number of workers in them, and the sample so allocated to each sector is further distributed over the two strata in proportion to the number of workers in them. In the case of Electricity Generating and Distributing Establishments, Ports and Docks and Railways, a stratified uni-stage design is adopted at certain centres where the total number of workers in these sectors was small.

2.3.18 The first-stage units are selected with probability proportional to size (size being the number of workers) with replacement, and the working class families constituting the second-stage units are thereafter selected in a circular systematic manner, independently for each sector represented at a centre. Since the income and expenditure pattern of working class families are subject to seasonal fluctuation, the sample is spread uniformly over the twelve months of the survey period in a randomised manner.

2.3.19 The Committee asked about the coverage of the working class families necessarily residing outside the boundary of a centre. The Labour Bureau clarified that this issue is largely addressed through pay-roll sampling in the WCFI&ES. In payroll sampling, the sample is drawn from the establishment's pay-roll records rather than from the residence. The Committee suggests that due care should be given to ensure that required information on contractual employees is obtained in the case of pay-roll sampling.

Selection of Items

2.3.20 After the collection of expenditure data on a large number of items, the next step is to define and select the items to be retained in the final index basket. The criteria adopted for inclusion of items in the index are as follows:

- all items having expenditure of 1 per cent or more at the sub-group level,

- important items distributed through the Public Distribution System, and
- items whose consumption is reported by a large number of families irrespective of the expenditure criterion have been retained.

2.3.21 The Committee recommends that the item basket of CPI-IW needs to be expanded, noting that a number of items now consumed by working class families, such as online and OTT services and other newly emergent items, were not consumed in 2016. This may be placed before the Expert Group. The consumption patterns have changed significantly since then, requiring a revision of the item basket.

Derivation of the Weighting Diagram

2.3.22 The weighting diagram is derived on the basis of average monthly family expenditure. The weighting diagrams of the 88 centres in the 2016 series were derived following the Classification of Individual Consumption by Purpose, 1999 (COICOP 1999) for the classification of items into groups and sub-groups. The six consumption groups adopted for CPI-IW (2016=100) are Food and Beverages; Pan, Supari, Tobacco and Intoxicants; Clothing and Footwear; Housing; Fuel and Light; and Miscellaneous. The All-India group level weights of CPI-IW series are summarised below.

Table 2.1: All-India group weights under CPI-IW series

Group	CPI-IW (1982=100)	CPI-IW (2001=100)	CPI-IW (2016=100)
Food & Beverages	57.00	46.20	39.20
Pan, Supari, Tobacco & Intoxicants	3.15	2.27	1.80
Clothing & Footwear	8.54	6.57	5.94
Housing	8.67	15.27	17.75
Fuel & Light	6.28	6.43	5.49
Miscellaneous	16.36	23.26	29.81

Table 2.2: All-India sub-group weights for miscellaneous group

CPI-IW (2001=100)		CPI-IW (2016=100)	
Sub-Group	Weight	Sub-Group	Weight
Medical Care	4.56	Household Goods & Services	4.14
Edu. Rec. & Amusement	6.18	Health	4.69
Transport & Communication	4.87	Transport & Communication	9.67
Personal Care & Effects	4.22	Recreation & Entertainment	1.84
Others	3.43	Education	7.31
MISCELLANEOUS	23.26	Personal Care & Effects	2.16
		Miscellaneous	29.81

Note: The CPI-IW (2016=100) is aligned with COICOP (1999)

2.3.23 The Committee recognises the importance of keeping the classification of items into groups and sub-groups aligned with the prevailing international statistical standards for household consumption expenditure. ***Accordingly, the Committee recommends that the classification system in the upcoming CPI-IW series be aligned with COICOP 2018, the current international framework for classifying consumption expenditure. The Committee further recommends that the matter of the specific number of divisions to be adopted/adapted in line with COICOP 2018 be deliberated upon in the meetings of the Expert Group constituted for the base year revision exercise.***

2.4 Price Collection Procedure

2.4.1 Retail prices are the second essential constituent of the index. Under the present series, item level price data are collected on a regular basis from 317 markets spread across the 88 centres. Prices are collected on a weekly and monthly basis, as

prescribed for the item concerned, with respect to items selected on the basis of the results of the WCFI&ES.

2.4.2 The definition of price adopted for the compilation of CPI is the price which a consumer/industrial worker has to pay for the specified item/variety, for the specified unit, in the selected shop of the selected market. It includes all taxes, and excludes rebates and discounts which are universally applicable for all the customers. It is the actual price prevailing in the open market at which transaction takes place between a buyer and a seller. The Black Market or unauthorized prices are, however, not taken in the compilation of index numbers. In case of rationed commodities, the fair price is taken.

2.4.3 The Price Collectors and the Price Supervisors, engaged by the Bureau on part-time basis, are the employees of the State Directorate of Economics & Statistics or State Labour Commissioner's Office. The designated Price Collectors and Price Supervisors are given training by the Labour Bureau for the collection and supervision of prices. The training imparted by Labour Bureau are the Trainer's Training and the training for field level functionaries on technical aspects of CPI-IW data collection.

2.4.4 The Committee recognises that timely and accurate price collection is central to the credibility of the index, and that technology offers valuable opportunities to further strengthen the existing price collection process. ***Accordingly, the Committee recommends that the Labour Bureau explore computer- and mobile-application-based approaches for price collection and monitoring, including geo-tagging and time-stamping of price entries. Such measures would help enhance the transparency, and real-time verifiability of price data collected across markets, while also facilitating more effective supervision and quality control.***

Selection of Markets and Shops

2.4.5 The main criterion for the selection of a market is its popularity among industrial workers. Popularity is determined through interaction with knowledgeable sources like various local Trade Unions' leaders, representatives of Employer's Organisations, local MLA/MP/Councillors, local officers of Department of Economics & Statistics or Labour Department, and a cross section of industrial workers. Where a cluster of localities has more than one popular market, the most popular among them is selected.

2.4.6 Popularity is again the main criterion for the selection of shops. The selection process includes observation of shops during peak business hours by a team of field officers of the Labour Bureau and interviews with local workers. For each item or service, two selected shops and two reserve shops are listed. Where the price of a selected item cannot be collected from either of the selected shops, prices are collected from the reserve shops, and if prices cannot be collected even from the reserve shops, they are collected from any other shop in the market.

2.4.7 The Committee notes that online markets and e-commerce platforms have been steadily gaining popularity as a mode of purchase, and recommends that the Labour Bureau examine the feasibility of including such platforms within the ambit of price collection. The committee further suggest Bureau to explore the use of GST database for collection of prices of services, in consultation with the Expert Group.

Scrutiny of Price Collection

2.4.8 The prices received from the field are subjected to detailed examination from the point of view of consistency on account of inter-shop, inter-market and inter-period variations, and that discrepancies, wherever found, are referred back to the field and the prices rectified before the data are used for index compilation. This scrutiny operates through a three-tier mechanism: at the first stage the Price Supervisor checks and verifies the prices collected by the Price Collectors; at the second stage officers of the Regional and Sub-Regional Offices of Labour Bureau undertake periodic price audit at different centres; and at the third stage the prices are studied at headquarters, with references made to the field seeking clarification wherever necessary. Price inspection is also continuously carried out by headquarters on a random basis. With the automation of this system, which is currently under way, including end-to-end online automation and the deployment of AI tools, the process is expected to become even more efficient.

2.4.9 The Committee notes the strong time-tested three-tier price scrutiny and supervisory mechanism. The Committee recommends the deployment of AI-based analytical tools for outlier and anomaly detection, which would help identify inconsistencies in a timely manner and enable prompt corrective action

in the field so as to minimize reporting errors and improve the overall integrity of the price data feeding into the CPI-IW.

Treatment of Special Items

2.4.10 Special care is taken with regards to treatment of special items viz. seasonal and PDS items. For fruits and vegetables, month-wise seasonality is fixed in the base year itself on the basis of their availability in different months of the year, so that a particular fruit or vegetable is priced only during the months in which it is available in the market in saleable quantity. Seasonality is determined by examining the availability of price data for the various items from the markets of the centre, and the month-wise expenditure reported on these items during the main survey. The item weights within the vegetables and fruits sub-groups accordingly vary from month to month, on the basis of the items retained in the index basket separately for each of the twelve months of the year. Seasonality, once finalised, remains fixed throughout the lifetime of the series.

2.4.11 Under the Public Distribution System, the Government supplies some essential items to the public, including the working class population, at concessional rates. For PDS items such as rice, wheat and sugar, prices are collected from both the open market and PDS shops, since the target population purchases these items from both sources. The quantity availed from the PDS is limited to the entitlement of the beneficiary or household, which may be less than the actual requirement; the remaining quantity is purchased from the open market to meet the family's total requirement. The price of a PDS item used in index computation is accordingly a weighted average of the open market price and the PDS price, the weight being the proportion of the total requirement met from each source for a targeted beneficiary. For a non-targeted beneficiary, only the open market price is used. For all remaining items in the index basket, only open market prices are used.

2.4.12 After deliberations the Committee decided that the present procedure may continue to be utilized in the compilation of index numbers.

2.5 Index Compilation Methodology

2.5.1 The main components for the construction of the index are the weights and the prices. The weights are the shares of actual expenditure on each commodity during the base period, and the base prices are the annual average of item level prices during the base year in respect of the items retained in the index basket. Following the theory of fixity, both remain unchanged throughout the lifetime of the series, and only current period prices are collected to capture price movement.

2.5.2 CPI-IW is computed using the Laspeyre's base weighted formula, which is the most preferred index formula for compilation because of its inherent practical advantages. An algebraic form of Laspeyres' index formula can be written as:

$$I_n = \frac{\sum q^i_o p^i_n}{\sum q^i_o p^i_o} \times 100 \quad \text{----- (1)}$$

Where,

p^i_n = price for i^{th} item at time 'n' (current period);

p^i_o = price for i^{th} item at time '0' (base period);

q^i_o = quantity of i^{th} item purchased during the base period.

which is equivalent to:

$$I_n = \frac{\sum q^i_o p^i_o \times ((p^i_n / p^i_o)) \times 100}{\sum q^i_o p^i_o}$$

$$I_n = \sum (p^i_n / p^i_o) \times w_i \quad \text{----- (2)}$$

where w_i is the weight assigned to the i^{th} item or share of expenditure for i^{th} item in base period and the expression (p^i_n / p^i_o) is called the Price Relative (PR) which is the ratio of the price of an item in the current period to its price in the base period. Thus, eq. (2) represents the weighted average of the elementary price indices where weights being the expenditure incurred on the i^{th} item in the base period.

2.5.3 During the discussion, it was suggested that the Fisher index is theoretically the best formula for the compilation of a consumer price index, on account of its

superlative properties. Labour Bureau informed the Committee that, notwithstanding this, the Laspeyre formula is the standard method used for the compilation of consumer price indices, given its practical feasibility. Fisher index would require quantity data, which would entail carrying out a fresh consumption expenditure survey every year. Therefore, internationally Laspeyres index remains the most commonly adopted method for the compilation of consumer price indices by various countries, including Bureau of Labor Statistics (BLS) in USA. Successive base revisions of CPI-IW have accordingly continued to adopt the Laspeyre base-weighted formula for this reason. ***In light of this discussion, the Committee recommends that the present procedure used for the compilation of index may continue.***

2.5.4 Under the CPI-IW (2016=100) series, 'Jevons formula' has been adopted for compiling indices therefore, in this case p_n^i and p_o^i are the averages (using Geometric Mean) of the prices for the i^{th} item collected from different markets in current period and base period respectively. Thereafter, GM is used for averaging the price relatives of i^{th} item across all markets in a given centre. The Geometric Mean is used for this purpose as it is less sensitive to extreme values among the price relatives than the Arithmetic Mean, and therefore yields a more stable and representative measure of average price change.

2.5.5 Chain Base Method is followed in the compilation of House Rent Index. Since, it is unrealistic to assume that all the sample dwellings would remain either occupied or be in the same condition during every successive round. Therefore, instead of working out price relatives directly with reference to the base year prices, as in the case of other items of the index basket, the rent relatives of all the dwellings in the sample are worked out on the basis of total rents of the sampled dwellings in current round of Repeat House Rent Survey (RHRS) with reference to the previous round. The rent relative of the current round is then multiplied with the house rent index of the previous round to obtain the house rent index for the current round and in this manner a chain to the base year is established.

2.5.6 This weight of a centre is determined by taking product of average consumption expenditure and number of families represented by a centre as a ratio of sum of such products over all the centres. For this purpose, each centre is presumed to represent equal share of the working class families in a State. However, if the actual number of

families in a centre exceeds the assumed share; its share is taken as the actual number of families. For deriving the number of families in a State, the average daily employment in respect of the sectors covered for the survey is divided by the average number of earners in the State. The All-India index is then worked out as a weighted average of the centre indices.

2.5.7 The Committee notes that States often require more granular, region-specific price data for State-specific wage indexation, minimum wage revisions, and other policy decisions. Accordingly, the Committee recommends that the Labour Bureau examine and explore a methodology for the compilation of State-level indices, in addition to the existing centre-level and All-India indices. This would further strengthen the utility of the CPI-IW as a tool for State-specific wage indexation and policy analysis.

2.5.8 The Committee recommends that the Labour Bureau should attempt to ensure that the base year of the weights, derived from the WCFI&ES, and the base year of prices are kept as close to each other as possible. The Committee further recommends that the time difference between the base year revision and the actual release of series be minimized.

CHAPTER 3

CONSUMER PRICE INDEX FOR AGRICULTURAL LABOURERS AND RURAL LABOURERS (CPI-AL/RL)

3.1. Background

3.1.1. The origin of CPI-AL can be traced back to the Minimum Wages Act, 1948, which required that minimum wages for scheduled employments be fixed and revised from time to time, having regard to the cost of living. Section 3 of the Act provided that the minimum rate of wages may consist of a basic rate of wages, together with a special allowance, commonly known as the Cost-of-Living Allowance, which is adjusted periodically in accordance with a cost-of-living index applicable to the workers concerned. To give effect to this, the Government of India (Ministry of Labour & Employment) decided to construct and maintain a Consumer Price Index for Agricultural Labourers (CPI-AL).

3.1.2. The Labour Bureau conducted the First Agricultural Labour Enquiry in 1950-51 to ascertain the consumption pattern of agricultural labour households, and its results were used to derive the weighting diagram for an interim Consumer Price Index for Agricultural Labourers on base year 1950-51=100. The official series on base 1960-61=100 was released with effect from September 1964, drawing its weighting diagram from the Second Agricultural Labour Enquiry (1956-57).

3.1.3. The series was next revised on base year 1986-87=100. For the first time, a separate index - CPI-RL - was compiled alongside CPI-AL, to bring non-agricultural manual labour in rural areas within the scope of the index, using the same price data but a separate weighting diagram. A Technical Working Group examined the rural price sampling frame and recommended, and later refined to, a sample of 600 villages. Regular monthly price collection under this series began in July 1986. Coverage was widened from 15 to 20 States, and item coverage rose from 27-41 items per State earlier to 65-106 items per State. The new series was published from November 1995.

3.1.4. The current series, with base year 2019=100, was introduced by the Labour Bureau with effect from June 2025, replacing the 1986-87=100 series on the recommendation of the Technical Advisory Committee (TAC) on Statistics of Prices

and Cost of Living. The sample village distribution across States/UTs is in **Annexure -X (Table A.1.)**

3.1.5. The Labour Bureau has already begun work on the next base revision of CPI-AL/RL. An Expert Group on Base Revision of CPI(IW) and CPI(AL/RL), chaired by Shri A.K. Sadhu, former Director General, NSS, has been constituted. The weighting diagram for the next series is proposed to be drawn from HCES 2023-24, and the sample of villages is proposed to be enlarged further, covering all the 35 States/UTs.

Rationale for CPI – AL/RL

3.1.6. The Resolution concerning Consumer Price Indices, adopted by the Seventeenth International Conference of Labour Statisticians (Geneva, 2003), jointly endorsed by the ILO, IMF, OECD, Eurostat, UNECE and the World Bank, represents the global consensus that the scope of a CPI should be defined by its main use, in terms of the households, areas it covers, and the goods & services priced. Where the principal use of an index is to adjust wages for a specific group of earners, which is precisely CPI-AL/RL's founding purpose, the index has to be built around that group's own consumption pattern, and not around the consumption pattern of the population at large. The CPI Manual (ILO/IMF/OECD/Eurostat/UNECE/World Bank), the standard technical reference used by statistical offices worldwide, makes the same point: where a specific use requires an index tailored to a population subgroup with a distinct consumption pattern, compiling a dedicated index for that subgroup is a statistical necessity.

3.1.7. The practice of building a dedicated index around a use-defined subgroup of the population, rather than treating a single all-population CPI as adequate for every purpose, is well established outside India as well, and the Committee finds it useful to place CPI-AL/RL alongside these examples. Few such examples of use specific price indices from other countries are provided in para 4.2. of Chapter 4.

3.1.8. The target population of CPI – AL/RL has a very specific profile: basic-needs - level spending, food forming the largest share of household expenditure, dependence on the local retail market rather than any organised or digital alternative, and significant exposure to seasonal price fluctuations, particularly in food and fuel. This differs markedly from the general rural population, which also includes cultivating households

with their own land, the rural self-employed, salaried employees resident in villages, and households with more diversified sources of income. A general rural inflation figure, built around this wider and comparatively better-off population, does not carry the same food weight, and during periods of sharp food inflation, it understates what an agricultural or rural labour household actually experiences at the ration shop and the local mandi. The ILO Minimum Wage Policy Guide¹ also states that countries may use a CPI computed for the poorest households to set and adjust minimum wages, since these households are the most affected, given that their food prices rise faster than average prices.

3.1.9. Further, CPI-AL/RL is a vital index because a large number of statutory functions depend on it. The primary regulatory and policy interventions driven by these indices include:

Minimum wage fixation: The Code on Wages, 2019, which subsumes the Minimum Wages Act, 1948, provides that a minimum rate of wages may consist of a basic rate of wages along with a cost-of-living allowance, adjusted to reflect variations in the applicable cost-of-living index.

- MGNREGA (now VB - G RAM - G) wage indexation: The annual revision of MGNREGA wage rate - notified with effect from 1st April each year - is directly tied to CPI-AL.
- PM POSHAN: CPI-RL feeds into the revision of cooking-cost norms under the school nutrition programme, since these costs track commodities that are, in the main, consumed at the rural household level.
- Minimum Support Price determination: The Commission for Agricultural Costs and Prices considers changes in agriculture labour costs, using CPI-AL along with agricultural wage and other cost data, as an important input while recommending Minimum Support Prices. These recommendations cover the 22 mandated crops such as paddy, jowar, bajra, maize, ragi, tur (arhar) etc.

¹ <https://www.ilo.org/publications/minimum-wage-policy-guide-full-chapters> , access on 19.09.2026 at 02.46 PM (IST)

- RBI Monetary Policy: The Central bank draws on rural wage and price data, including CPI-AL/RL, as an input for gauging agricultural and rural distress in its monetary policy assessments.

3.1.10. The above reasoning along with examples from across the world is instructive for two reasons. First, it shows that the design principle underlying CPI-AL/RL - a dedicated index for a population whose consumption pattern and vulnerability to price change is materially different from the general population, compiled because a specific statutory or welfare use demands it - is not a departure from international practice but is, in fact, the international practice, applied by some of the more developed statistical systems in the world. Second, in each of these cases the subgroup selected for a dedicated index is a comparatively focused, well-defined economic category - clerical and wage workers in the U.S.², pensioners in the U.K.³, pensioner and transfer-recipient households in Australia⁴ – similarly like CPI-AL/RL target population, which is defined by a comparable degree of specificity (households drawing major part of income from manual wage labour in agricultural or rural non-agricultural occupations). Agricultural and rural labourers constitute a significant and distinct segment of India's population, with a different consumption pattern. This provides a strong basis for maintaining a separate index for them, similar to the treatment of CPI-W, the Pensioner RPI, and Australia's Selected Living Cost Indexes in their respective economies.

3.2. Scope and Coverage of CPI-AL/RL

3.2.1. CPI-AL and CPI-RL measure the change over time in the prices paid for a fixed basket of goods and services consumed by agricultural and rural labour households. The target population of the index is, accordingly, agricultural labour and rural labour - among the most economically vulnerable sections of the rural workforce, hardly owning any land or capital of their own and depending entirely on the sale of manual labour for their livelihood.

² https://www.bls.gov/help/one_screen/cw.htm accessed on 19.09.2026 at 02.55 PM (IST)

³ <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czi> accessed on 19.09.2026 at 2.57 PM (IST)

⁴ <https://www.abs.gov.au/methodologies/selected-living-cost-indexes-australia-methodology/dec-2025> accessed on 19.09.2026 at 02.58 PM (IST)

3.2.2. An agricultural labourer is a person engaged, as a hired labourer, in one or more agricultural occupations - farming, including cultivation, growing and harvesting of any agricultural commodity; production, cultivation, growing and harvesting of any horticultural commodity; dairy farming; raising of livestock, bee-keeping, or poultry farming; and any practice performed on a farm as incidental to or in conjunction with farm operations, including forestry/timbering and preparation/transportation of farm products up to the first stage of disposal - for wages in cash, kind, or partly both.

3.2.3. A rural labourer is a person who does manual work in rural areas, whether agricultural or non-agricultural, for wages in cash, kind, or partly both. Every agricultural labourer is thus also a rural labourer, but a rural labourer need not be an agricultural labourer.

3.2.4. At the household level, a household deriving maximum income from wage-paid manual work in agriculture is classified as an agricultural labour household, and covered under CPI-AL.

3.2.5. A household whose income from wage-paid manual labour (agricultural or non-agricultural) exceeds its income from non-manual salaried employment or self-employment is classified as a rural labour household, and covered under CPI-RL. Every agricultural labour household is, by this definition, also a rural labour household, CPI-AL households form a subset of the wider CPI-RL population, but CPI-RL additionally covers rural households principally dependent on non-agricultural manual wage work.

3.2.6. The current series (2019=100) covers all 34 States and Union Territories with a target rural/agricultural labour population; Chandigarh is excluded, being fully urbanised. The sample consists of 787 villages, with a minimum of 8 villages allotted to each State/UT to ensure adequate representation, and villages allocated to NSS regions within a State in proportion to the concentration of rural labour population.

3.2.7. Regarding the items, the coverage has increased from 65-106 items at State/UT level to 150-200 items. Further, the items in the basket are classified using a modified five-group structure, adapted from COICOP-2018 (Classification of Individual Consumption According to Purpose), the international classification

framework maintained by the United Nations Statistics Division. The five groups, along with their All-India weights in the current series, are as follows:

Table 2.3: All-India Group weights under CPI – AL/RL Series (Base Year 2019=100)

Sl. No.	Group	Weight - CPI-AL (%)	Weight - CPI-RL (%)
1	Food and Non-Alcoholic Beverages	57.88	56.61
2	Pan, Tobacco and Intoxicants	4.29	4.12
3	Fuel and Light	8.69	8.49
4	Clothing and Footwear	7.25	7.29
5	Miscellaneous	21.90	23.49
	Education	2.05	2.48
	Health	6.19	6.24
	Personal Care and Effects	3.95	3.96
	Transport and Communication	4.95	5.95
	Total	100.00	100.00

3.2.8. Within these groups, cereals and products, fuel and light, vegetables, and prepared meals/snacks and sweets carry the largest individual sub-group weights, reflecting the basic-needs level, food-dominated spending pattern typical of agricultural and rural labour households. The sub-group weights for CPI – AL/RL (Base Year 2019=100) are in **Annexure – X (Table A.2)**.

3.2.9. There are challenges to price every single item consumed by these households. Some items are difficult to price regularly or do not have reliable price data. The expenditure on such unpriced items is therefore imputed to a related priced item, section, sub-group or group. This is based on the assumption that their prices broadly follow a similar trend. This imputation is carried out at four levels, viz. item, section, sub-group and group - moving from the closest match to the broadest, wherever a closer match is not available.

3.2.10. Special care is also taken in the treatment of seasonal items and items supplied through the Public Distribution System (PDS):

- **Seasonal items:** For fruits and vegetables, separate sub-groups have been created to address seasonal availability. While the weight of these sub-groups as a whole remains fixed through the year, the weights of individual items within them are allowed to vary month to month, with only the items actually available in a given month priced, and the weight of unavailable items redistributed proportionately among the available ones.
- **PDS items:** For items such as rice, wheat and sugar supplied through the PDS at subsidised rates, prices are collected from both the open market and the fair-price shop. This is because the target households typically meet part of their requirement from each source. The price used for index compilation is a Geometric Mean of the fair-price and open-market rates, weighted by ration-card entitlement category (AAY, APL, BPL, and households without a ration card), using ratios derived from HCES data as recommended by the Technical Advisory Committee on Statistics of Prices and Cost of Living (TAC on SPCL) during the base revision exercise. This is different from the earlier (1986-87=100) series, which used an Arithmetic Mean and an availability-based, rather than entitlement-based, approach to determining the PDS quantum.

3.2.11. The sample size and its distribution across States and Union Territories for the present series were worked out following the methodology suggested by the Technical Working Group on Rural Retail Prices, 1976, using what is known as the Strata-cum-Multiplier Method. Three parameters went into this exercise: the Coefficient of Variation, the number of strata and sub-strata, and the weight of the target population as recorded in Census 2011. Village-level indices were first worked out, and the Coefficient of Variation was then estimated for each State on the basis of these indices, so as to capture how much prices actually varied from village to village within that State.

3.2.12. This Coefficient of Variation was used to study price variation within each State, and a multiplier ranging from 1 to 2.5 was applied for each State/UT depending on the variation observed. A state with greater price variation accordingly received a higher multiplier and a larger sample than states with lesser variation in prices. For adequate representation, a minimum sample size of 8 villages was fixed for every State/UT, regardless of what the Coefficient of Variation and multiplier alone would

have yielded. The sampling frame itself was drawn from the 2011 Population Census, and the selection of individual sample villages from within this frame was carried out using probability sampling methods.

3.2.13. Once the overall sample size for a State was arrived at in this manner, it was further distributed among the NSS regions (zones) within that State in proportion to the rural labourer population of each region, so that regions with a larger concentration of the target population received a correspondingly larger share of the sample. The actual selection of villages within each NSS region was then carried out from a consolidated region-level frame, using Systematic Probability Proportional to Size (PPS) sampling, with the population of rural labourers taken as the size variable. This method was preferred because it selects villages in proportion to the size of the relevant population itself, so that the resulting sample reflects the underlying heterogeneity of the target population without requiring any subsequent re-weighting to correct for imbalance.

3.3. Consumption Expenditure Survey

3.3.1. Unlike CPI-IW, which draws its weights from a dedicated Working-Class Family Income & Expenditure Survey, the weighting diagram for CPI-AL/RL is derived from the Household Consumption Expenditure Survey (HCES), a large-scale survey conducted periodically by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI). For the present series (2019=100), the weighting diagram has been derived from the 68th Round HCES, 2011-12.

3.3.2. The target population for CPI-AL/RL was identified from the 59,683 rural households surveyed under the HCES 2011-12. Since the NSS classification did not provide a direct category for “Agricultural Labour” or “Rural Labour” households, the Labour Bureau identified these households from HCES data by cross-referencing occupation and industry codes (NCO and NIC classifications) across a very large number of combinations, before the corresponding expenditure data can be used to build the weighting diagram.

3.3.3. Casual labour households were identified separately for agricultural and non-agricultural activities. The HCES sample comprised 4,982 households engaged in

casual labour in agriculture and 8,974 households engaged in casual labour in non-agricultural activities.

3.3.4. Among the 10,609 regular wage/salary earning households, unit-level data were processed by using NIC codes in conjunction with NCO codes to identify households falling under the Agricultural Labour (AL) and Rural Labour (RL) categories. This resulted in the identification of 862 AL households and 4,336 RL households.

3.3.5. Accordingly, the Agricultural Labour (AL) population was identified by combining the 4,982 casual agricultural labour households with the 862 regular wage/salary earning AL households, resulting in 5,844 AL households. The Rural Labour (RL) population was identified by combining casual agricultural labour, casual non-agricultural labour and regular wage/salary earning RL households, resulting in 18,292 RL households, inclusive of the AL households.

3.3.6. *The Committee is in favour of continuing the existing approach for identification of the target population from the HCES data, wherein relevant Agricultural Labour and Rural Labour households are identified using the available labour and employment characteristics, including the use of NIC and NCO codes for regular wage/salary earning households. The Committee considers this approach appropriate for maintaining continuity and consistency in the identification of the target population and, therefore, recommends that the same methodology may be continued for the revision exercise of CPI–AL/RL series.*

3.4. Price Collection Procedure

3.4.1. Retail prices for CPI-AL/RL are collected monthly from rural retail markets serving each of the sample villages. Villages are divided into four groups, and prices for one-fourth of the villages are collected each week, so that the entire sample is covered once every month. Prices are collected on the fixed weekly market day (the “haat” day) for markets that do not function daily, and on any market day for markets that function daily. Further, there are schedules for each village with items and their specifications, which are relevant to the target group of CPI – AL/RL.

3.4.2. CPI-AL/RL price collection is done by the Field Operations Division (FOD) of the National Statistical Office (NSO), MoSPI, in close coordination with the Labour Bureau. The data collected are subject to scrutiny and validation before processing and compilation, with the Labour Bureau supporting the process through necessary field-level follow-up, correspondence and visits wherever required.

3.4.3. The existing arrangement provides an established field-level mechanism for regular collection of prices across the CPI-AL/RL basket. The ongoing technology initiatives of the Labour Bureau can further strengthen this system by enabling digital collection, validation, transmission and monitoring of price data, in coordination with FOD, thereby improving efficiency, standardisation and timeliness.

3.4.4. CPI-AL/RL base updation process also involves one-time market survey for selection of representative markets, updating of item specifications and collection of base-year prices. These activities can similarly benefit from technology-enabled processes, including digital survey formats, geo-tagging, time-stamping and centralised monitoring, thereby facilitating more efficient and standardised field operations. Since this work calls for a close, specific understanding of CPI-AL/RL's own target population and basket, it may be worth exploring an alternative mechanism to conduct the survey or Labour Bureau undertaking these market surveys itself in future.

3.4.5. The Committee is of the view that the existing collaboration between Labour Bureau and FOD may be further strengthened through ongoing technology initiatives of the Labour Bureau. The technology-based portal may be integrated, as appropriate, with the FOD price collection process to enable digital collection, validation, transmission and monitoring of price data, which would improve the timeliness.

3.5. Index Compilation Methodology

3.5.1. The Consumer Price Index for Agricultural Labourers (CPI-AL) and Consumer Price Index for Rural Labourers (CPI-RL) are compiled through a multi-stage process, using retail prices collected from selected rural markets/villages and expenditure weights.

3.5.2. For the series with base year 2019=100, at the first stage, for each selected item, the Geometric Mean of prices is worked out separately for the current period and for the base period, using the prices reported for that item across all the selected villages. This gives one representative current-period price and one representative base-period price for the item, smoothing out differences from village to village.

3.5.3. At the second stage, the item's price relative is worked out by expressing the current-period Geometric Mean as a percentage of the base-period Geometric Mean for that item. The price relative thus shows how much the price of an item has changed with reference to the base year. The Geometric Mean is used here because it reduces the effect of extreme prices and gives a more representative picture of price movement.

3.5.4. Each item's price relative is then multiplied by its expenditure weight. This gives the weighted price movement of that item, so items with a larger share in expenditure carry more influence on the index, and items with a smaller share carry less.

3.5.5. Sub-Group Indices are then compiled by combining these weighted item-level movements within each sub-group. This gives index values for price movement in each homogeneous set of items.

3.5.6. Group Indices are next obtained by combining the Sub-Group Indices using the corresponding sub-group weights. This ensures that expenditure categories with a larger share carry more weight in the result.

3.5.7. The State Index is then compiled by combining the Group Indices using the relevant group weights.

3.5.8. The All-India index is compiled as a weighted average of the State indices, the weight for each State being its estimated share in the All-India consumption expenditure of the target (rural/agricultural labour) population. The All-India group and sub-group indices are similarly compiled as weighted averages of the corresponding State-level group and sub-group indices.

3.5.9. The index is based on Laspeyre's base weighted formula, which is the most preferred index formula for compilation because of its inherent practical advantages. An algebraic form of Laspeyres' index formula can be written as:

$$I_n = \frac{\sum q^i_o p^i_n}{\sum q^i_o p^i_o} \times 100 \quad \text{----- (1)}$$

Where,

p^i_n = price for i^{th} item at time 'n' (current period);

p^i_o = price for i^{th} item at time '0' (base period);

q^i_o = quantity of i^{th} item purchased during the base period.

which is equivalent to:

$$I_n = \frac{\sum q^i_o p^i_o \times ((p^i_n / p^i_o)) \times 100}{\sum q^i_o p^i_o}$$

$$I_n = \sum (p^i_n / p^i_o) \times w_i \quad \text{----- (2)}$$

where w_i is the weight assigned to the i^{th} item or share of expenditure for i^{th} item in base period and the expression (p^i_n / p^i_o) is called the Price Relative (PR) which is the ratio of the price of an item in the current period to its price in the base period. Thus, eq. (2) represents the weighted average of the elementary price indices where weights being the expenditure incurred on the i^{th} item in the base period.

3.5.10. Finally, to preserve continuity with the series it replaces, linking factors between the 1986-87 and 2019 series have been computed for the General and Group indices, as the ratio of average indices over the twelve months preceding the new series' release - the technical bridge that allows the index numbers to be read continuously across the two series, rather than as two disconnected numbers. The linking factor is in Annexure – X (Table A.3).

3.5.11. ***The Committee recommends that CPI-AL/RL continue to be compiled as a distinct index, in view of its specific target population, its distinct consumption profile, and the wide range of statutory and policy uses including minimum wage fixation, VB - G RAM - G (erstwhile MGNREGA) indexation, PM***

POSHAN cooking-cost revision, MSP determination and RBI Monetary Policy assessment for rural areas

3.6. New Methodological Directions

3.6.1. The Committee deliberated upon certain approaches for further strengthening CPI-AL/RL and enhancing its relevance in capturing the evolving consumption patterns of the rural population. The measure deliberated upon are as follows:

Towards a Consumption Unit (CU) Approach

3.6.2. CPI-AL/RL, like most consumer price indices, is presently built on a headcount basis - household expenditure is divided by the number of persons in the household, treating an infant the same as a labouring adult. It does not account for the fact that different household members (children, the elderly, working adults) have different consumption requirements.

3.6.3. The Consumption Unit (CU) concept addresses the first of these by assigning each household member a weight according to age, sex and activity level, relative to a reference adult - conventionally, an adult male in moderate work is treated as one full consumption unit. A household of five persons might then work out to something like 3.6 or 3.8 consumption units, depending on its actual composition, rather than a flat five. This is not a new concept. It underlies the poverty-line methodology used since the Planning Commission's Task Force of 1979⁵, and the 15th Indian Labour Conference (1957) itself anchored the need-based minimum wage formula to a norm of 2,700 calories per consumption unit per day, for a family of three consumption units.

3.6.4. There are two broad approaches to building a CU scale - a normative approach, based on calorie and nutrient norms prescribed by expert bodies such as the ICMR-National Institute of Nutrition; and an empirical approach, which infers consumption weights for different household members from actual observed spending patterns (for example, through Engel curve analysis). The normative approach is simpler to apply with the data the Bureau already has access to, since it can be built directly on

⁵<https://digitallibrary.niti.gov.in/items/2ee41362-130b-45d5-ab3c-1fd3b5511293> accessed on 19.09.2026 at 03.20 PM (IST)

household composition data already available through HCES, without any additional data collection; the empirical approach reflects actual behaviour more closely, but requires more extensive data and tends to produce less stable weights.

3.6.5. The Committee feels that a practical way forward, worth exploring in a phased manner, would be to convert each sample household's actual composition into consumption units, using nutrition norm-based coefficients, and to derive per-consumption-unit expenditure from the same HCES data already used for weighting - particularly for the food group, where the calorie-based logic applies most directly. This need not mean rebuilding CPI-AL/RL from scratch; the most natural entry point would be at the weighting stage itself, deriving group and item weights for food from per-consumption-unit expenditure rather than per-capita expenditure.

Treatment of Welfare Items

3.6.6. A meaningful share of what agricultural and rural labour households consume comes to them at subsidised rates through government welfare schemes, most visibly, food items supplied through the PDS, but also, in a comparable way, subsidised education and healthcare accessed through government schools and hospitals.

3.6.7. As noted earlier, PDS items are already treated using the Geometric Mean of fair-price and open-market prices, with weights based on the ration-card entitlement category. This approach takes into account the fact that households may purchase the same item from both the PDS and the open market. However, its accuracy depends on the entitlement as well as ration card figures remaining up to date. Changes in PDS coverage and ration-card categories over time may affect the share of purchases made through the two sources. Therefore, the ration-card categories and PDS coverage may be updated periodically at a defined interval, rather than only during base revision.

3.6.8. Health and education, by contrast, are at present priced by taking a simple Geometric Mean of prices paid at government and private institutions, without separately weighting for how much of a household's requirement is met through the government channel as against private provision - unlike the explicit weighted treatment already applied to PDS items. *The Committee feels that a similar welfare-weighted treatment for health and education is a direction worth examining further.*

Alignment with COICOP-2018

3.6.9. The adoption of a COICOP-2018-aligned classification in the current series represents an important step towards greater international comparability. COICOP is widely used by statistical offices internationally, providing a common framework that facilitates comparison and benchmarking of price indices across countries. The Labour Bureau has adapted this framework to the specific consumption basket of agricultural and rural labour households through a modified five group classification. This approach balances international comparability with the specific consumption characteristics of the population covered by the index and may provide a useful basis for future revisions.

Hedonic Pricing: A Longer-Term Possibility

3.6.10. Hedonic pricing is not presently used in CPI-AL/RL, but it may be considered as a future option. In simple terms, it helps separates a genuine price change from a quality change. When an item in the basket is replaced by a newer variant with different characteristics, a hedonic method estimates how much of the price difference is really due to quality change, rather than treating the entire difference as inflation.

3.6.11. This method is used by some statistical offices abroad such as U.S. Bureau of Labour Statistics⁶. The BLS uses hedonic quality adjustment in several CPI categories, including apparel, footwear and electronics. For example, BLS uses information on features such as fabric and design in apparel, and material, type and brand in footwear, to estimate the value of quality differences. It also uses hedonic methods for products such as smartphones, where technological features change rapidly.

3.6.12. Given the changing nature of products in categories like clothing, footwear and electronics, the applicability of hedonic methods to selected items in the CPI-AL/RL's basket may be examined in future.

⁶ <https://www.bls.gov/cpi/quality-adjustment/questions-and-answers.htm> accessed on 19.09.2026 at 04,09 PM (IST)

3.6.13. *The Committee recommends that the Labour Bureau, in consultation with the Expert Group, may examine the use of consumption-unit approach for food items weights, beginning with comparison of the calorie norms currently used in minimum-wage-linked exercises with the revised ICMR-NIN nutritional norms. The Committee further recommends exploring periodic review of PDS-entitlement weights considering changes in ration-card coverage, the extension of welfare-weighted treatment to health and education and examining adoption of the COICOP classification to the extent feasible. The Committee also suggests exploring the feasibility of hedonic price adjustment for selected categories such as clothing, footwear and electronic items as a longer-term methodological option.*

CHAPTER 4

COMPARISON OF CONSUMER PRICE INDICES COMPILED BY LABOUR BUREAU AND MoSPI

4.1 Background

4.1.1 India has historically compiled its Consumer Price Index numbers separately for distinct segments of the population, rather than as a single index for the country as a whole. The oldest of these, the Consumer Price Index for Industrial Workers (CPI-IW), has been compiled by Labour Bureau since its establishment.

4.1.2 Labour Bureau has also been compiling the Consumer Price Index for Agricultural Labourers (CPI-AL) since September 1964 to serve as the statutory basis for revision of minimum wages payable to agricultural labour. Recognising that rural wage labour extends beyond agriculture to occupations in other rural non-farm work, Labour Bureau subsequently introduced the Consumer Price Index for Rural Labourers (CPI-RL) as well, with effect from November 1995, when both CPI-AL and CPI-RL were placed on a common base of 1986-87=100.

4.1.3 A third population-specific index, the Consumer Price Index for Urban Non-Manual Employees (CPI-UNME), was compiled by the Central Statistical Organisation (CSO) to track the cost of living of urban households deriving their income mainly from non-manual, non-agricultural occupations. CPI-UNME, however, was discontinued with effect from April 2008, and the residual all-India linked series (compiled by applying CPI-UNME weights to CPI-IW on base 2001=100) was discontinued with effect from January 2011, upon introduction of a new, comprehensive CPI series by MoSPI.

4.1.4 By the turn of the century, therefore, India compiled purpose-specific consumer price indices. The National Statistical Commission chaired by Dr. C. Rangarajan, constituted to review the Indian statistical system, in its 2001 report observed that CPIs catering to specific population segments were not oriented towards reflecting the general inflation, and recommended compilation of a comprehensive Consumer Price Index. The Committee, however, did not suggest discontinuation of any CPI series

brought out by Labour Bureau. Pursuant to this, MoSPI introduced a new Consumer Price Index, compiled separately for Rural, Urban and Combined coverage, with effect from January 2011. This CPI series has since been further revised to base year 2024=100, released with effect from January 2026.

4.1.5 Therefore, India presently compiles CPI-IW and CPI-AL/RL (Labour Bureau) for wage-indexation purpose, and CPI-U and CPI-R (MoSPI) as general inflation indices.

4.2 International Standards for Consumer Price Indices

4.2.1 International standards for the compilation of Consumer Price Indices provide guidance on best practice and promote the quality of national CPIs. Since, CPIs in most countries originated as a means of adjusting wages against inflation, their compilation was historically entrusted to ministries of labour. The International Conference of Labour Statisticians (ICLS) served as the forum for developing CPI methodology from 1925 onward. To guide the process of construction of CPI numbers, IMF, ILO, Eurostat, UNECE, OECD, and World Bank jointly brought out the Consumer Price Index Manual, 2020⁷. The manual was endorsed by the 51st UN Statistical Commission in March, 2020. The Manual treats the question of purpose as central to index design, recognising that countries may compile more than one price index for different reference populations, since a general index measuring macroeconomic inflation and a sub-population index designed for wage indexation or social security adjustment answer different questions and are so designed differently. Such differences may show up in the weighting structure and item selection.

4.2.2 The ILO's guidelines reinforce this purpose-based approach, its interest in consumer price statistics stemming from its mandate over wage-fixing machinery and social protection. Under this mandate, the earliest consumer price indices in many countries, including India, were set up by labour ministries and tripartite wage boards specifically for wage adjustment, not for general inflation measurement. The ILO has consistently recommended that where an index serves this wage-linked purpose, its

⁷https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@stat/documents/publication/wcms_761444.pdf (Accessed on Date: 19-09-2026, Time: 17.40 IST)

reference population should be defined precisely through an income or expenditure criterion and its weights should be revised regularly⁸.

4.2.3 Country practice supports this view that difference in purpose, not difference in statistical method, is what mainly separates worker-oriented indices from general indices. For Instance, in United States, the Bureau of Labor Statistics compiles the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) alongside the broader Consumer Price Index for All Urban Consumers (CPI-U)⁹. The CPI-W covers only households where more than half the income comes from clerical or wage occupations. Its purpose is clearly legal as it covers about twenty-nine percent of the population, against ninety-three percent for the all-consumer index and it is this narrower index, that is used by law to calculate the annual cost-of-living adjustment to Social Security benefits.

4.2.4 Similarly, in Italy, ISTAT compiles FOI Indice dei Prezzi al Consumo per le Famiglie di Operai e Impiegati¹⁰, for blue- and white-collar worker households, in addition to its national index and its harmonised European index¹¹. The purpose of the FOI is primarily to adjust monetary values like house rents, and labor contracts; along with the National Consumer Price Index for the entire community (NIC) as a measure of inflation in the entire economic system and the Harmonised Index of Consumer Prices for EU countries (HICP) to provide a comparable measure of inflation at the European level.

4.2.5 Brazil's National Consumer Price Index (INPC)¹², compiled by the Brazilian Institute of Geography and Statistics (IBGE), whose target population is confined to lower-income households earning between one and five minimum wages, and which

⁸ <https://www.abs.gov.au/statistics/detailed-methodology-information/concepts-sources-methods/consumer-price-index-concepts-sources-and-methods/2025/appendix-4-ilo-resolution-concerning-consumer-price-indices> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

⁹ <https://www.bls.gov/opub/hom/cpi/design.htm> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

¹⁰ <https://www.istat.it/produzione-editoriale/indici-dei-prezzi-al-consumo-aspetti-general-e-metodologia-di-rilevazione/> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

¹¹ <https://webapps.ilo.org/CPI/doc/harmon.pdf> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

¹² <https://www.bcb.gov.br/en/monetarypolicy/priceindex> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

is specifically used to guide periodic wage and minimum-wage adjustments. This is maintained distinct from the IPCA (Extended National Consumer Price Index) which covers a wider income band of households and serves as the official inflation benchmark targeted by the Banco Central do Brasil for monetary policy.

4.2.6 Moreover, the Australian Bureau of Statistics (ABS) in Australia compiles the general CPI, which measures inflation for the metropolitan household population and underpins monetary policy, alongside the Selected Living Cost Indexes (SLCI)¹³, a distinct family of indices designed to capture the living-cost experience of specific household groups whose consumption patterns differ from the general population. Within this family, the Pensioner and Beneficiary Living Cost Index (PBLCI)¹⁴ is compiled specifically for pensioner and other government-transfer-recipient households, alongside separate indices for employee, age-pensioner, and self-funded retiree households. Government pensions in Australia are statutorily indexed to the higher of the movements in the CPI and the PBLCI, reflecting a deliberate policy recognition that a general inflation index cannot adequately proxy the cost-of-living experience of a specific, vulnerable target population.

4.2.7 New Zealand follows a similar approach through Stats NZ, which collects the Consumers Price Index for monetary policy and general inflation measurement, alongside the Household Living-costs Price Index (HLPI)¹⁵, a distinct index tracking cost-of-living movements separately for thirteen different household groups defined by income source and life-stage, including beneficiary households. LCI is another index that tracks inflation in the New Zealand job market. It captures how price movements affect the actual purchasing power of specific, income-defined population segments more precisely than an aggregate inflation measure.

¹³ <https://www.abs.gov.au/methodologies/selected-living-cost-indexes-australia-methodology/mar-2026> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

¹⁴ <https://www.abs.gov.au/media-centre/media-releases/living-costs-fall-pensioner-households> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

¹⁵ <https://www3.parliament.nz/mi/pb/library-research-papers/research-papers/library-research-brief-measures-of-job-and-wage-growth/> (Accessed on Date: 19-09-2026, Time: 17.40 IST)

4.2.8 Collectively, these international experience shows that the purpose of an index, such as is meant to serve legal indexation, wage-fixing, social security adjustment or distributional monitoring, should determine its reference population, its weighting method and its data source.

4.3 Comparison of CPI-IW with CPI-U

4.3.1 The two major CPIs estimated with regard to the urban population in India are the Consumer Price Index for Industrial Workers (CPI-IW), compiled by the Labour Bureau, and the Consumer Price Index-Urban (CPI-U), compiled by MoSPI. Fundamental differences between the two make one index unsuitable as a substitute for the other. The key differences between the two providing strong rationale for separate compilation of CPI-IW are as follows:

(I) Difference in Purpose

4.3.2 According to the CPI Manual, 2020 (IMF | ILO | Eurostat | UNECE | OECD | World Bank), CPIs have three major uses, namely Indexation, National Accounts Deflation and Inflation Measurement, and that a single CPI is unlikely to perform all these purposes efficiently. Given this rationale, multiple CPIs tailored to specific target populations and policy uses are compiled by many countries. Few examples of this are presented in Section 4.2.

4.3.3 In India as well, CPI-IW and CPI-U are designed to serve distinct purposes. The CPI-IW is primarily designed for wage indexation. Accordingly, CPI-IW underpins the determination and revision of Dearness Allowance for Central and State Government employees, industrial workers in the organised sector, and employees covered under wage agreements, as well as the revision of minimum wages. Rule 4 of the Code on Wages (Central) Rules, 2026 mandates that revision of the Variable Dearness Allowance (VDA) be carried out using the average CPI-IW published by the Labour Bureau (Annexure XI). On the other hand, CPI-U is an inflation-oriented index, intended to measure retail price inflation for the general urban population and to serve as a macroeconomic indicator for monetary policy and inflation targeting.

4.3.4 The Committee recommends that CPI-IW and CPI-U are designed to serve distinct purposes and are complementary and non-substitutable. Their continued separate compilation is indispensable.

(II) Differences in Target Population

4.3.5 CPI-IW's target population is specifically defined. It covers working-class families located within the selected centre, in which at least one member is employed as a manual worker in one of the sectors under CPI-IW's coverage, and the family derives 50 per cent or more of its income from manual work.

4.3.6 The Committee was further informed that the Working Class Family Income and Expenditure Survey, which underlies CPI-IW, collects data only in respect of the family rather than the household in case of NSO design. This was considered an important feature, since Dearness Allowance and similar wage adjustments are revised with reference to consumption units, for which family-level, rather than household-level, data is necessary.

4.3.7 CPI-U, by contrast, covers all urban households without regard to employment status, occupation, or source of income, its target population being the general urban consumer, intended to represent the full diversity of urban India.

4.3.8 Further, an examination of the composition of the HCES 2023-24 sample reveals that of the total 1,07,596 urban households surveyed, 51,237 households (about 48 per cent) are self-employed or non-worker households, and only the remaining 56,359 households can be classified as "worker" households. Of these worker households, only 34,303 falls under manual occupations (NCO categories V-IX), the remaining 22,056 being non-manual worker households (NCO categories I-IV) that lie outside the scope of CPI-IW's target population. Even within the manual worker category, households considered in the sectors covered under CPI-IW number only 8,039. This is barely 7.5 per cent of the total HCES 2023-24 urban sample.

4.3.9 Considering the sample composition of HCES 2023-24, the Committee notes that CPI-U cannot serve as an appropriate index for wage-indexation, underscoring the continuing need for a separate, purpose-specific CPI-IW. The

Committee further recommends that there is a need for conducting separate, targeted WCFI&ES for compilation of CPI-IW, given the under representation of CPI-IW's target population in the HCES.

(III) CPI-IW Targets Organised Sector Workers

4.3.10 Another major difference between CPI-U and CPI-IW is that CPI-IW covers only working class families engaged in the organised sector, whereas CPI-U, in its sample, has representation of all urban households. The rationale for the focussed coverage of organised sector in CPI-IW is grounded in international standards. The ILO Resolution on Consumer Price Indices (17th ICLS, 2003) explicitly recognises that the appropriate reference population for a CPI depends critically on its intended use, *"if the primary use of the CPI is for adjusting money incomes, a relevant group of households, such as wage and salary earners, may be the appropriate target population"*. Since CPI-IW is used for adjusting DA paid to Government employees and public sector workers, along with revision of minimum wages, its reference population should also comprise of organised sector workforce rather than general urban population.

4.3.11 The Committee notes the specific population that CPI-IW caters to namely, Central and State Government employees, public sector employees, and workers in employments. Hence, its focussed coverage of the organised sector workforce, rather than the general urban population is appropriate and consistent with the rationale discussed above.

(IV) Difference in Weighting Diagram

4.3.12 CPI-IW and CPI-U differ fundamentally in the population they represent, and this difference is directly reflected in their respective weighting diagrams. CPI-IW is constructed to capture the consumption pattern of industrial worker families, a segment whose spending is concentrated on essential goods and services. CPI-U, by contrast, covers the full spectrum of urban households, including higher-income segments with greater discretionary spending capacity. This difference in target population translates into a systematic difference in group weights as presented in Table 4.1.

Table 4.1: Group-wise weights of CPI-IW and CPI-U

Group	CPI-U		CPI-IW
	2012=100	2024=100	2016=100
Food & Beverages	36.29	34.26	39.20
Pan, Tobacco & Intoxicants	1.36	2.07	1.80
Clothing & Footwear	5.57	5.46	5.94
Housing	21.67	19.78	17.75
Fuel & Light	5.58	4.91	5.49
Miscellaneous	29.53	33.52	29.81

4.3.13 The difference at sub-group level brings out the difference in consumption pattern of the target population of two indices even more distinctly, as presented in **Annexure XII**. Within Food & Beverages, CPI-IW (2016=100) in comparison to CPI-U (2012=100) assigns a higher allocation to Pulses and Products (2.52 against 1.73), Meat & Fish (3.17 against 2.73), and Served & Packaged Processed Food (6.86 against 5.54). Within Miscellaneous, while the aggregate weights of the two series are broadly comparable, the underlying sub-group composition differs meaningfully. CPI-IW assigns a distinctly higher weight to Education (7.31 against 5.62), while its weights for Recreation & Entertainment (1.84 against 2.04) and Personal Care & Effects (2.16 against 3.47) are correspondingly lower than those of CPI-U.

4.3.14 Since CPI-IW governs DA computation as well as revision of minimum wages under the Minimum Wages Act, 1948 (and now under Rule 4 of the Code on Wages (Central) Rules, 2026), it should ensure compensation for price changes in the necessities. If the coverage is extended to include the entire urban population, this representation could become diluted, potentially leading to under-compensation or over-compensation for the loss in purchasing power caused by inflation.

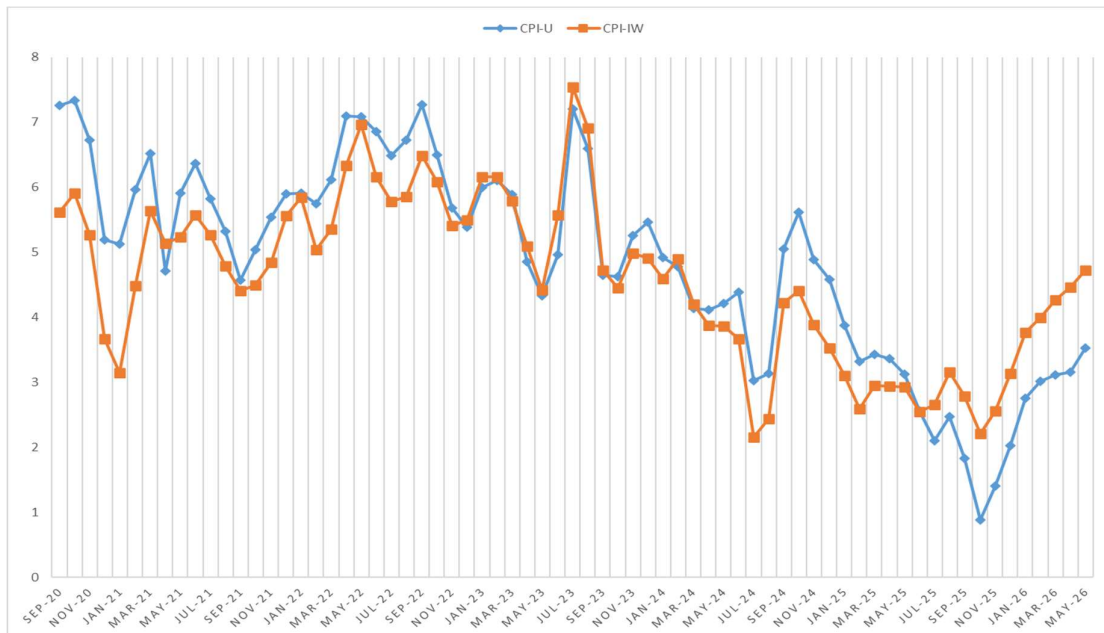
4.3.15 The Committee notes these differences and endorses that CPI-IW and CPI-U are representative of two distinct segments of the urban population, and

that this distinction is appropriately reflected in their respective weighting diagrams. Therefore, the Committee recommends that the CPI-U and CPI-IW cannot be substituted by each other.

(V) Difference in Inflation Rates

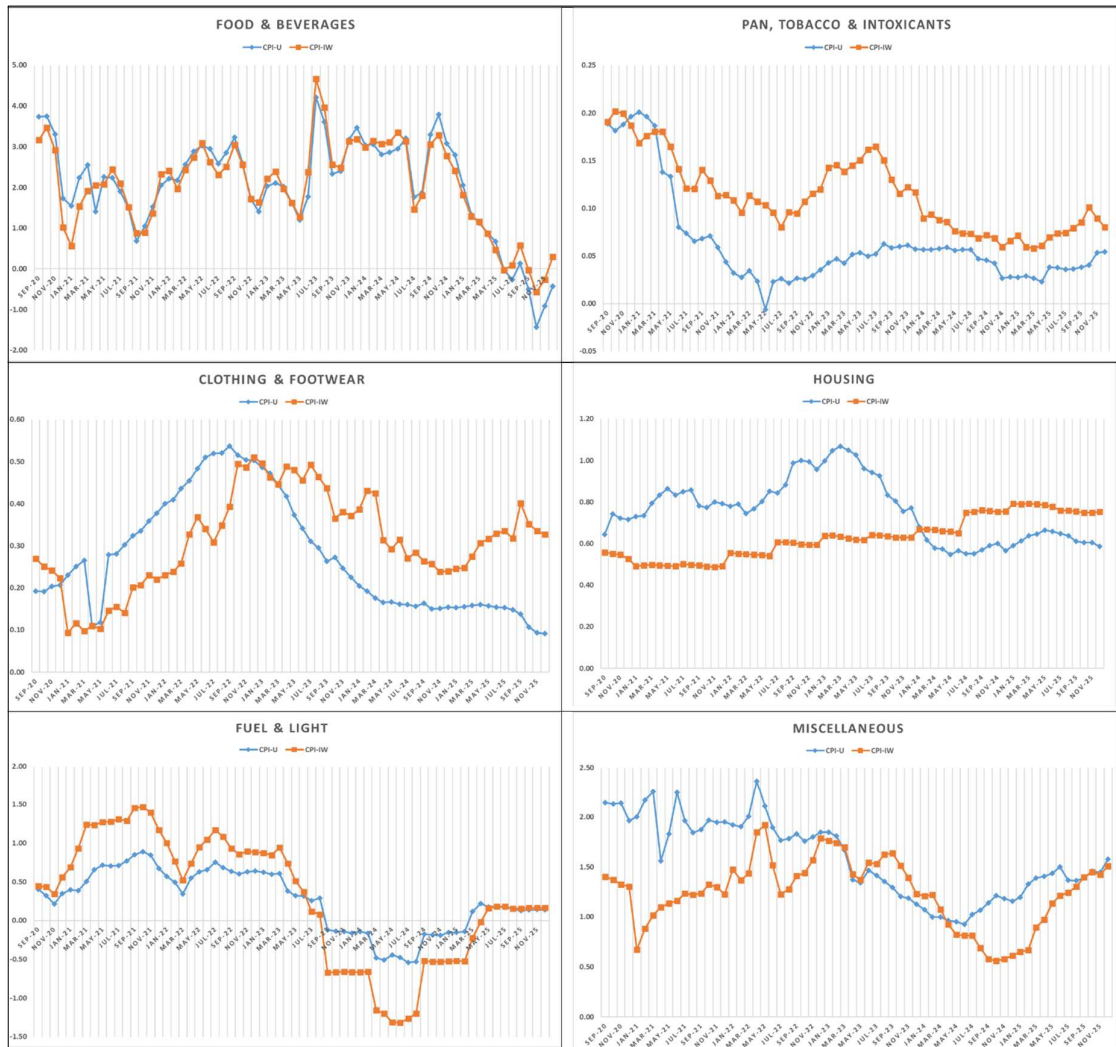
4.3.16 While CPI-IW and CPI-U share methodological foundations, their point-to-point (PTP) inflation rates do not move identically. As illustrated in Figure 4.1, the two series exhibit a fair degree of co-movement reflecting common macroeconomic price pressures. However, the magnitude and persistence of movements differ, and the indices periodically diverge.

Figure 4.1 Point to Point Inflation (in percent) of CPI-IW and CPI-U



4.3.17 This divergence is consistent with the difference in their weighting diagrams, since a common price shock will translate into differing overall inflation outcomes for the two indices depending on the relative weight each group/sub-group carries in the respective basket. The same can be seen through the contribution of different consumption groups to the point-to-point inflation of CPI-IW and CPI-U, as Figure 4.2.

Figure 4.2: Contribution of Consumption Groups to Point-to-Point Inflation



Contribution of a group to headline inflation is computed by following formula:

$$Contribution(i, t) = w_i \left[\frac{I_{i,t} - I_{i,t-12}}{I_{General,t-12}} \right]$$

where, i refers to the group, t refers to the current month, t-12 refers to the same calendar month one year prior, I refers to the index value, w_i refers to the fixed base-year weight of group i, General refers to the general CPI index.

4.3.18 For instance, Fuel and Light has been a recurring source of divergence between CPI-U and CPI-IW. Through 2021-22, successive increases in domestic LPG prices raised CPI-IW's fuel and light contribution considerably more sharply than CPI-U's, and the reduction in LPG prices in August 2023 produced an equally pronounced

and more durable negative contribution in CPI-IW, which continued to depress its headline rate well into 2024.

4.3.19 The Committee notes these differences and endorses that the divergence in inflation patterns between CPI-IW and CPI-U is a natural consequence of their distinct target populations and weighting structures. Committee further notes that industrial workers generally consume smaller quantity of goods, thereby paying relatively higher prices than the urban households who may buy bulk quantity. Therefore, the industrial workers experience different prices and inflation in comparison to rest of the population.

(VI) Difference in Market and Shop Selection for Price Collection

4.3.20 Another characteristic of CPI-IW which distinguishes it from CPI-U lies in the framework governing the selection of markets and shops for price collection. For CPI-IW, the foundational criterion for market selection is popularity among industrial workers. This principle was first articulated as a concern by the Rath Committee (1978), which observed that many of the markets selected for price collection were situated in main localities of the centre where industrial workers constituted only a small proportion of customers, thereby raising the risk that prices collected would not reflect what the working class actually paid. Both the Seal and Chadha Committees endorsed and strengthened this concern. The Seal Committee explicitly recommended that markets and shops selected for price collection should, as far as possible, be those popular among industrial workers rather than those in main commercial localities. The Chadha Committee extended this principle of stakeholder-driven selection by recommending consultation with all stakeholders before the final market selection. In the 2016 base revision, these recommendations were operationalised directly. **The primary criterion for market selection was popularity among industrial workers, determined through interaction with Trade Union leaders, Employers' Organisations, local MPs/MLAs, Economics and Statistics Officers, and a cross-section of industrial workers themselves.**

4.3.21 CPI-U, by contrast, follows a population-based market selection criterion wherein markets are selected to represent diverse socio-economic segments,

including markets catering to high-income, middle-income and lower-income households.

4.3.22 The distinction between the two frameworks therefore lies in the reference population against which representativeness is judged. CPI-U's frame is built to span the entire urban population, with markets distributed across its income segments while CPI-IW's frame is built around the retail environment that industrial workers actually use. The prices collected under the two frames need not correspond.

4.3.23 The Committee notes that, given the differing reference populations that CPI-IW and CPI-U are each designed to represent, the distinct frameworks governing market and shop selection under the two indices are appropriate to their respective purposes. The Committee concurs that, being rooted in different retail environments, the price levels emerging from the two frames need not be similar. The Committee therefore recommends that CPI-IW continue to be compiled as a separate index, with market and shop selection governed by its own popularity-based framework.

(VII) Difference in Geographic Coverage

4.3.24 CPI-IW's coverage extends to selected centres, chosen on the basis of industrial importance and concentration of working-class population, and distributed among states in proportion to industrial employment. The centre selection is finalised in consultation with State Governments.

4.3.25 CPI-U, by contrast, draws on the Urban Frame Survey (UFS) maintained by NSO, offering all-India coverage of urban areas selected through a stratified multi-stage sampling design, independent of any industrial or occupational concentration.

4.3.26 This difference in coverage means that CPI-U's random, geography-driven sampling is not designed to ensure adequate representation of industrial and working-class concentrations, while CPI-IW's centre selection is not representative of the general urban picture.

4.3.27 The Committee holds that compiling a single index from one frame would compromise the other's ability to fulfil its intended purpose. Thus, there is a

need for separate compilation of the two indices so that CPI-IW continues to serve its purpose of measuring price changes for the industrial working-class population, while CPI-U continues to serve its purpose of measuring price changes across the general urban population.

(VIII) Engagement of State/UT Governments

4.3.28 A unique feature of CPI-IW is its strong State-level consultation mechanism distinguishing CPI-IW from CPI-U. For State and Union Territory Governments, CPI-IW is indispensable as it forms the statutory basis for regulating dearness allowance and revising minimum wages for millions of workers across Central, State, Public-sector and Private establishments. The Central Series of CPI-IW operates in tandem with the states that maintain their own state series. This convergence is made possible by the practice of selecting centres in consultation with the respective State Governments, which ensures that the centres covered under the Central Series do not overlap with those already canvassed by the states. Further, CPI-IW also has an important use by the quasi judicial authorities for redressal mechanism under Minimum Wages Act,(subsumed in the Code on Wages, 2019) at state level.

4.3.29 Equally important, this strong State-level coordination yields significant economies in field operations. By leveraging the price collection infrastructure of state governments, comprehensive price data for CPI-IW is gathered across all selected centres within a modest annual outlay. This arrangement thus provides both the analytical rigour and the fiscal prudence that justify the continued compilation of CPI-IW.

4.3.30 The State level representatives in the IRC are of the view that there continues to be a need for CPI-IW, as their target population differs from that of CPI-U, and they rely on CPI-IW for revision of minimum wages. **In line with this, the Committee recommends that CPI-IW should continue to be compiled separately as it fulfils the requirements of the State Governments.**

(IX) CPI-IW Revision Overseen by Standing Tripartite Committee

4.3.31 A distinct quality of CPI-IW is its unique tripartite character, a feature that distinguishes it from every other consumer price index compiled in India. Following the

recommendations of the Index Review Committee (IRC) chaired by Prof. G.K. Chadha, the Ministry of Labour and Employment constituted a Standing Tripartite Committee (STC) comprising representatives of the Central Government, employers's organisations, and central trade unions.

4.3.32 The STC was specifically mandated to advise on issues pertaining to base updation exercise and to widen consultation base with stakeholders. This tripartite validation makes CPI-IW the only price index in India whose institutional design embodies the ILO's foundational principle of social dialogue.

4.3.33 The Committee holds that this tripartite character of CPI-IW is of unique significance and must be maintained as a core institutional strength of the index. Such consultative machinery, also embodying the ILO's foundational principle of social dialogue, should be preserved and further strengthened wherever possible.

4.3.34 In view of the foregoing discussion, the Committee reiterates that both CPI-U and CPI-IW carry important implications for the purposes they respectively serve, and that their separate compilation should be continued. CPI-IW is necessary for the purpose of wage indexation, while CPI-U reflects on general inflation.

4.3.35 The continued compilation of CPI-IW assumes particular significance in light of the statutory mandate. CPI-IW underpins the determination and revision of Dearness Allowance for Central and State Government employees, industrial workers in the organised sector, and employees covered under wage agreements, as well as the revision of minimum. Rule 4 of the Code on Wages (Central) Rules, 2026 mandates that revision of the Variable Dearness Allowance (VDA) be carried out using the average CPI-IW. Any discontinuation of CPI-IW, or its substitution by a general urban index would strike at the very foundation of this statutory framework as CPI-U is not designed for purpose of wage indexation. ***The Committee is, therefore, of the view that on account of the Code of Wages related statutory compliances linked to CPI-IW, its continued compilation is indispensable.***

4.4. CPI-AL/RL vis-à-vis CPI-Rural

One of the mandates of the Committee was to examine CPI-Rural vis-à-vis CPI-AL/RL, including their respective methodologies and the scope for inter se substitution. Accordingly, the Committee deliberated at length on the methodological differences, target populations, consumption patterns and other relevant aspects of the two indices, including the feasibility of CPI-Rural absorbing or replacing CPI-AL/RL.

4.4.1 Difference in Target Population

CPI-Rural is a general-purpose index for the entire rural population of India, covering cultivators, the rural self-employed, salaried employees resident in villages, and rural households with diversified, often non-labour income, alongside agricultural and rural labour households. CPI-AL/RL, by contrast, focus on targeted population: wage-dependent labour households with no land or capital of their own, entirely reliant on the sale of manual labour. Within this target population, only casual labourers and, among regular wage/salary earners, manual labourers are included; the self-employed category does not form part of CPI-AL/RL's target population. Given that the two indices are built around different populations, one index cannot replace the other.

4.4.2 Difference in Sample Coverage

The two indices use different sample villages and price collection centres, with less than two percent of the sample villages being common to both. CPI-Rural is designed to represent the rural population as a whole. In contrast, CPI-AL/RL's sample is designed around the concentration of agricultural and rural labour households specifically. These households are not evenly distributed across all villages and States. Their concentration may differ from the distribution of the overall rural population. The two indices have different samples and weighting structures. Therefore, the price data collected for one index cannot be directly used to compile the other.

4.4.3 Difference in Consumption and Expenditure Pattern

Food has a much higher weight in the CPI-AL/RL basket at the All-India level, at around 57-58 percent, compared with about 44 percent in CPI-Rural's basket, which

also carries the more diversified, higher spending of self-employed and salaried rural households. This reflects the different consumption patterns of the populations covered by the two indices. The relative importance of individual items also differs: PDS-linked staples, for instance, carry a higher weight in CPI-AL/RL than a general rural index, spread across a wealthier population, would not replicate. The specifications of the items priced, and the markets from which the prices are collected, differ significantly between the two indices. The CPI-AL/RL, therefore, captures the prices of goods and services consumed and purchased by its specific target population, including of lower quality, commonly sourced from local or nearby markets. These differences are fundamental to the distinct purpose and population coverage of the two indices. The group wise weights of CPI – Rural (Base Year 2024=100) is in **Annexure X (Table A.4)**.

4.4.4 Implications for Price Collection

The two indices use different sample villages and markets and are based on different consumption baskets. Therefore, the price data collected for CPI-Rural cannot be directly used for compiling CPI-AL/RL. Using the same price quotations would not fully reflect the consumption pattern and price experience of agricultural and rural labour households.

4.4.5 Assessment of Integration and the Convergence Argument

4.4.5.1. The relevance of a Cost of Goods Index (COGI) ultimately depends on how closely its basket reflects the consumption patterns of the population it is intended to represent. CPI-AL/RL is specifically designed as per the consumption patterns and needs of agricultural and rural labour households, thereby providing a more focused measure of price changes faced by these groups. CPI-Rural, by design, serves the broader rural population. Both therefore have distinct purposes, with CPI-AL/RL providing a particularly relevant measure for assessing changes in the cost of goods consumed by agricultural and rural labour households.

4.4.5.2. This bears directly on the observation, often made, that CPI-AL/RL and CPI-Rural tend to move broadly together over time. The Committee does not dispute this - the two indices are, after all, pricing goods in the same country, exposed to the same monsoon cycles, the same fuel price movements, and the same broad inflationary

episodes, so some degree of co-movement is only to be expected. But the movement in the same direction may not capture the magnitude of the movement. A general rural index moving up by 5 per cent while CPI-AL/RL, weighted more heavily toward food, moves up by 8 per cent over the same period is not a case of redundancy. Rather, it demonstrates precisely why the distinct index needs to exist, since a wage indexed to the milder movement would leave the labour household worse off in real terms even as the broader rural inflation figure looked comparatively benign.

4.4.5.3. *The Committee recommends that CPI-AL/RL continue to be maintained as a distinct series, separate from CPI-Rural. Given the differences in target population, sample coverage, and household consumption basket, CPI-Rural, while useful for its own purposes, cannot be treated as a substitute for CPI-AL/RL. The Committee is of the view that these differences justify the continued compilation of a separate CPI-AL/RL series.*

4.4.5.4. *The Committee further recommends that a dedicated price collection mechanism should be maintained for CPI – AL/RL, distinct from that of CPI-Rural. The Committee is of the view that common price collection mechanism for the two indices may not be feasible, given the differences in their target population, sample villages and markets, and consumption baskets.*

A snapshot of characteristics and major differences between the CPIs compiled by Labour Bureau (CPI-IW and CPI-AL/RL) and MoSPI (CPI-U and CPI-R) are presented below.

A. CPI-IW and CPI-U

Dimension	CPI-IW	CPI-U
Purpose	Wage indexation - statutory mandate.	General inflation measurement
Target population	Working-class families	All urban households, including self-employed and non-worker households
Underlying Survey	Working Class Family Income & Expenditure Survey (WCFI&ES)	Household Consumption Expenditure Survey (HCES)

Dimension	CPI-IW	CPI-U
Unit of Survey	Family i.e., persons generally related by blood, marriage or adoption, usually living together and/or depending on common pool of incomes for a major part of their expenditure.	Household i.e., a group of persons normally living together and taking food from a common kitchen
Sectoral coverage	Working-class families belonging to the seven sectors under CPI-IW coverage as referred to in Chapter 2.	Represents all urban households
Organised/ Unorganised sector	Focused on organised sector workers	Both organised and unorganised sector households
Market & shop selection	Popularity among industrial worker's families	Population-based, with markets selected to represent high, middle, and lower-income segments
Geographic coverage	Selected centres chosen based on their industrial importance and working-class concentration, finalised in consultation with State Governments	Complete urban area coverage via NSO's Urban Frame Survey (UFS), independent of industrial concentration
State/UT engagement	Strong State-level consultation mechanism; Central Series is coordinated with State series through collaboration.	General consultative mechanism with State/UTs.
Tripartite Consultation	Revision overseen by the Standing Tripartite Committee (STC) comprising of representatives from government, employer and employee's organizations. Embodies the ILO's principle of social dialogue	Tripartite consultation is not a mandate for CPI-U.

B. CPI-AL/RL and CPI-R

Dimension	CPI-AL/RL	CPI-R
Purpose	Wide range of statutory and policy uses including Wage indexation, Costing of PM POSHAN, MSP calculation	General inflation measurement
International Point of Reference	ILO Minimum Wage Policy Guide,	CPI Manual: Concepts and Methods

Dimension	CPI-AL/RL	CPI-R
	CPI Manual: Concepts and Methods	
Target population	Wage-paid manual labour households only (Agriculture Labourers and Rural Labourers)	All rural households, including self-employed, regular salary & wage earners etc.
Consumption Pattern	Food accounts for the largest share of the basket, reflecting the consumption priorities of lower-income households. (Engel's Law)	Though food remains a major component, the consumption basket reflects the expenditure patterns of the broader rural, including households with relatively higher-income.
Sample Coverage*	Villages selected based on the concentration of agricultural/rural labourers	Villages selected based on rural population at large
Market & shop selection	Popularity among agricultural/rural labourers' households	Population-based, with markets selected to represent all rural households
Underlying Survey for Weighting Diagram	Expenditure of target Population (Agriculture/Rural Labourers) from the Household Consumption Expenditure Survey (HCES)	Rural Households from Household Consumption Expenditure Survey (HCES)
Geographic coverage	All States/UTs except Chandigarh (as it has urbanised completely)	All States/UTs except Chandigarh

*Less than 2 percent overlap of the sample village

CHAPTER 5

SUMMARY OF RECOMMENDATIONS

Based on the technical analysis, comparative picture and the broad observations of the Committee presented in Chapters 2-4, this Chapter summarizes the recommendations made by the IRC with regards to CPI-IW and CPI-AL/RL.

5.1 Consumer Price Index for Industrial Workers

5.1.1 Separate Compilation of CPI-IW and CPI-U

The Committee strongly recommends that CPI-IW and CPI-U must continue to be compiled separately, with CPI-IW continuing to serve wage indexation and CPI-U as the measure of general urban inflation. The indices differ significantly in terms of their target population, sample frame, geographic coverage and market/shop selection methodology. The two series are designed to serve distinct purposes and are complementary rather than substitutable. Their continued separate compilation is indispensable. (section 4.3)

5.1.2 Need for Separate Surveys

The Committee recommends that the same survey cannot be used to compile both CPI-U and CPI-IW, given the fundamentally different target populations the two indices are meant to serve. The target population for CPI-IW has marginal representation in the urban sampling frame of HCES. There is need for separate conduct of the Working Class Family Income & Expenditure Survey for CPI-IW. (para 4.3.9)

5.1.3 Expansion of Centre Coverage

The Committee recommends an increase in the number of centres covered for CPI-IW in line with the recommendations of the previous IRCs. The Committee further recommends that complete information on Centre-level data, including the weighting diagram along with the index, be made available in the public domain. (para 2.3.10 and para 2.3.12)

5.1.4 Expansion of the Item Basket

The Committee recommends that the item basket of CPI-IW be expanded significantly to reflect items now consumed by working class families, such as online and OTT services and other newly emergent items, that were not consumed in 2016. (para 2.3.21)

5.1.5 Alignment of Classification with COICOP 2018

The Committee recommends that the classification system adopted in the upcoming CPI-IW series be aligned with COICOP 2018, in order to reflect the current international statistical standard for classifying household consumption expenditure. (para 2.3.23)

5.1.6 Technology-Based Price Collection and Inclusion of Online Markets and E-Commerce Platforms

The Committee recommends that the Labour Bureau explore computer- and mobile-application-based approaches for price collection and monitoring, including geo-tagging and time-stamping of price entries. The Committee also recommends that the Labour Bureau examine the feasibility of including online markets and e-commerce platforms within the ambit of price collection, in view of their growing popularity. (para 2.4.4 and para 2.4.7)

5.1.7 Strengthening of Price Scrutiny Mechanisms

The Committee recommends the deployment of AI-based analytical tools for outlier and anomaly detection, which would help identify inconsistencies in a timely manner and enable prompt corrective action in the field so as to minimize reporting errors and improve the overall integrity of the price data feeding into the CPI-IW. (para 2.4.9)

5.1.8 Public Availability of Unit-Level WCFI&ES Data

The Committee recommends that the anonymized unit-level data from the Working Class Family Income & Expenditure Survey conducted by the Labour Bureau may be made available in the public domain, so that it can be used for research purpose. (para 2.3.4)

5.1.9 Development of State-Level Indices

The Committee recommends that the Labour Bureau examine and explore a methodology for compilation of State-level indices, in addition to the existing centre-level and All-India indices, to facilitate more granular, region-specific analysis of price movements and support State-specific wage indexation and policy analysis. (para 2.5.7)

5.2 Consumer Price Index for Agricultural and Rural Labourer

5.2.1. Continuation of a Separate CPI-AL/RL

The Committee recommends that CPI-AL/RL continue to be compiled as a distinct index, in view of its specific target population, its distinct consumption profile, and the wide range of statutory and policy uses, including minimum wage fixation, MGNREGA (now VB - G RAM - G) indexation, PM POSHAN cooking-cost revision, MSP determination and RBI Monetary Policy assessment for rural areas. The availability of CPI-Rural does not provide a sufficient basis for substitution. (para 4.4.5.3)

5.2.2 A Dedicated Price Collection Mechanism for CPI – AL/RL

The Committee recommends that a dedicated price collection mechanism should be maintained for CPI – AL/RL, distinct from that of CPI-Rural. The Committee is of the view that common price collection mechanism for the two indices may not be feasible, given the differences in their target population, sample villages and markets, and consumption baskets. (4.4.5.4)

5.2.3. Strengthening Price Collection Mechanism

The Committee is of the view that the existing collaboration between Labour Bureau and FOD may be further strengthened through ongoing technology initiatives of the Labour Bureau. The technology-based portal, being developed by Labour Bureau, may be integrated, as appropriate, with the FOD price collection process to enable digital collection, validation, transmission and monitoring of price data, which would improve the timeliness, and quality of price data. (para 3.4.5)

5.2.4. A Phased Methodological Review

The Committee recommends that the Labour Bureau, in consultation with the Expert Group, may examine the use of consumption-unit approach for food items weights, beginning with comparison of the calorie norms currently used in minimum-wage-linked exercises with the revised ICMR-NIN nutritional norms.

The Committee further recommends exploring periodic review of PDS-entitlement weights considering changes in ration-card coverage, the extension of welfare-weighted treatment to health and education and examining adoption of the COICOP classification to the extent feasible.

The Committee also suggests exploring the feasibility of hedonic price adjustment for selected categories such as clothing, footwear and electronic items as a longer-term methodological option. (para 3.6.13)

5.2.5. A Defined Revision Cycle

The Committee recommends that the Labour Bureau move toward a defined and publicly stated periodicity for future base revisions of CPI-AL/RL, in keeping with the general international guidance of a base revision at least once a decade and the National Statistical Commission's specific suggestion of a five-year cycle for this series.

Annexure I

Resolution of Index Review Committee (IRC)

F.No.Y-15011/12/2024-ESA(LB)

(C.No. 157475)

Government of India (भारत सरकार)

Ministry of Labour & Employment

(श्रम एवं रोजगार मंत्रालय)

Shram Shakti Bhawan Rafi Marg

New Delhi, dated 22nd June 2026

ORDER

It has been decided to constitute an Index Review Committee (IRC) to advise the Government on matters arising out of issues pertaining to Consumer Price Index Numbers for Industrial Workers (CPI-IW) and Consumer Price Index for Agricultural and Rural Labourers (CPI-AL/RL) with the following composition and terms of Reference:

1.1 Composition of Committee:

Chairman :- Shri Arup Mitra, Professor, Faculty of Economics, South Asian University, Delhi - Non Official

Members

(i) One member representing Central Trade Unions.

Representative from Bhartiya Mazdoor Sangh (BMS) – Non Official

(ii) One member representing Employers' Organizations

Representative from Federation of Indian Chambers of Commerce & Industry (FICCI) – Non Official

(iii) Four Representatives of Central Government - Official

- a. Adviser (Price), Economic Division, Department of Economic Affairs;
- b. Senior Economic Adviser, Department of Consumer Affairs;
- c. Additional Director General, Price Division of Ministry of Statistics and Programme Implementation;
- d. Senior Economic Adviser, Department of Rural Development, Ministry of Rural Development

(iv) Two Representatives of State Government -Official

(a) Representative from Commissioner of Labour, Government of Maharashtra;

b) Representative from Department of Economics and Statistics (DES), Government of Tamil Nadu

(v) One Representative of Ministry of Labour and Employment -Official

(a) SLEA/DDG as representative of Ministry of Labour and Employment

(b) Director General, Labour Bureau –Official

- (c) Professor Dibyendu Maiti, Delhi School of Economics-Official
- (d) Deputy Director General(CPI-IW), Labour Bureau as Member Secretary - Official

1.2 The Terms of Reference of the IRC shall be as follows:

- i) To review the conceptual framework, methodology, coverage, weighting patterns, price collection procedures of:
- Consumer Price Index for Industrial Workers
 - Consumer Price Index for Agricultural and Rural Workers (CPI-AL/RL)
- ii) To undertake a comprehensive review of the Consumer Price Indices brought out by Labour Bureau vis a vis other Consumer Prices Indices viz CPI-U and CPI- R compiled by MoSPI and to make suitable recommendations on feasibility of inter-se substitution.
2. The Committee will submit its report within a period of two months from the date of issue of the Order. The existing Standing Technical Committee (STC) functions as an advisory body with tripartite representation of Government, employers, and employees in line with ILO standards
3. The Committee will devise its own procedure and it may call for such information and take such evidence as it may consider necessary.
4. Sitting Fee of Non-official members shall be at the rate of Rs.4000/- per day of sitting and the TA/DA to non-official members will be regulated as per stipulation of the Department of Expenditure, as amended from time to time. (Currently as per DoE Order dated 14.09.2017). Sitting fee is not applicable in case, meeting is held through online / virtual mode.
5. The expenditure on TA/DA of official members shall be borne by their respective Ministries/Departments/ Organizations and TA/DA will not be applicable in case meeting is attended online.
6. This issues with the approval of Hon'ble LEM and concurrence of IFD vide Note#258 dated 8.05.2026.

Digitally signed by
Ratnesh Kumar Gupta
Date: 22-06-2026
13:25:45

(Ratnesh Kumar Gupta)
Under Secretary to Government of India

Copy to:

1. PS to HLEM.
2. Sr. PPS to Secretary(L&E).
3. PSO to SLEA, M/o L&E, New Delhi
4. Chairman and Members of the Index Review Committee
5. DG, Labour Bureau, Chandigarh,
6. Member Secretary of the Index Review Committee.

Annexure II

Extension Order of Index Review Committee

F.No.Y-15011/12/2024-ESA(LB)
(C.No. 157475)
Government of India (भारत सरकार)
Ministry of Labour & Employment
(श्रम एवं रोजगार मंत्रालय)

Shram Shakti Bhawan Rafi Marg
New Delhi, dated 27th August 2026

ORDER

In continuation of this Ministry's Order of even number dated 22.06.2026, the tenure of the Index Review Committee (IRC) is hereby extended for a further period of one month beyond 22.08.2026 on the same terms and conditions as stipulated in the Ministry's Order dated 22.06.2026.

2. This issues with the approval of Hon'ble Minister for Labour and Employment and concurrence of IFD vide Note#331 dated 20/8/2026.

Digitally signed by
Ratnesh kumar gupta
Date: 27-08-2026
18:09:29

(Ratnesh Kumar Gupta)
Under Secretary to the Government of India

To

1. PS to HLEM.
2. Sr. PPS to Secretary (L&E).
3. PSO to SLEA, M/o L&E, New Delhi
4. Chairman and Members of the Index Review Committee
5. DG, Labour Bureau, Chandigarh,
6. Member Secretary of the Index Review Committee.

Annexure III

Minutes of First Meeting of IRC

फाइल संख्या/File No.:76/11/2026-CU (Comp. No. 3483)
भारत सरकार / Government of India
श्रम एवं रोजगार मंत्रालय/ Ministry of Labour & Employment
श्रम ब्यूरो/ Labour Bureau

श्रम ब्यूरो भवन/Shram Bureau Bhawan
संस्थागत क्षेत्र/Institutional Area
सेक्टर-38 वेस्ट/Sector 38 West
चंडीगढ़/Chandigarh-36
दिनांक/Dated: 28.07.2026

टिप्पण

विषय: सी.पी.आई. (आई.डब्ल्यू) एवं सी.पी.आई. (ए.एल./आर.एल.) के आधार वर्ष अद्यतनीकरण हेतु सूचकांक समीक्षा समिति की पहली बैठक के कार्यवृत्त के वितरण बाबत ।

श्रम ब्यूरो, चंडीगढ़ में दिनांक 13 जुलाई, 2026 को श्री अरुण मित्रा की अध्यक्षता में आयोजित सी.पी.आई. (आई.डब्ल्यू) एवं सी.पी.आई. (ए.एल./आर.एल.) के आधार वर्ष अद्यतनीकरण हेतु सूचकांक समीक्षा समिति (आई.आर.सी.) की पहली बैठक के कार्यवृत्त कृपया आपको प्रेषित किये जा रहे हैं।


(राकेश वैद / Rakesh Vaid)
उप-निदेशक / Dy. Dir.

वितरण:

सूचकांक समीक्षा समिति (आई.आर.सी.) के अध्यक्ष एवं सभी सदस्य

प्रति:

1. महानिदेशक, श्रम ब्यूरो, चंडीगढ़ के प्रधान निजी सचिव ।
2. उप महानिदेशक (वी.एस.) / उप महानिदेशक (ए.के.एस.), श्रम ब्यूरो, चंडीगढ़ के निजी सचिव ।
3. सचिवालय (सूचकांक समीक्षा समिति), श्रम ब्यूरो, चंडीगढ़ ।

Minutes of the First Meeting of the Index Review Committee (IRC)

Date:13.07.2026

Venue: Labour Bureau Chandigarh

1. The First meeting of the Index Review Committee (IRC) constituted for undertaking a comprehensive review of the Consumer Price Index for Industrial Workers (CPI IW) and the Consumer Price Index for Agricultural Labourers/Rural Labourers (CPI-AL/RL) was held under the Chairmanship of Prof. Arup Mitra on 13.07.2026 at Conference Hall, Shram Bureau Bhawan, Chandigarh. List of participants of the meeting is at Annexure-I.
2. At the outset, the DG (LB) welcomed the Chairman and Members of the IRC and outlined the background and current status of the consumer price index numbers compiled by the Labour Bureau. In his remarks he also highlighted the Terms of Reference of the IRC. Shri Alok Chandra, Senior Labour and Employment Advisor, Ministry of Labour and Employment, in his opening remarks, underscored the importance of the price indices compiled by the Labour Bureau as important indicators of the labour market and expressed the hope that these indices will be benefited by the views and expertise of the members.
3. Prof. Arup Mitra in his opening remarks thanked the Ministry of Labour and Employment for entrusting this important responsibility to the group. He emphasised that deliberations of the Committee should focus on the ToRs and endeavour to prepare report in timely manner. He further mentioned that diverse composition of the group with members from employees and employer's organisation, Central and State Government Departments and academia will benefit from practical insights on various aspects of labour market. He highlighted that apart from the technical aspects of the price indices another important part of the mandate for the Committee is also to examine the utility and role of the price indices in India. In this regard, the committee will have to keep in mind the purpose of indices as different indices are designed for specific purposes. He highlighted the importance of choosing the appropriate Consumer Price Index for wage indexation, noting that if the index is not applicable to the target group workers, the exercise does not remain

relevant. The consumption basket of industrial workers or agricultural labourers may differ significantly from that of the overall urban and rural population, and this must be kept in mind while selecting the index used to adjust wages for such workers. He mentioned that overlaps may exist between surveys conducted by different ministries and organisations, and that it would be the Committee's task to examine the necessity and extent of these overlaps. He also noted the need to understand the design of the Working-Class Income and Expenditure Survey and the Household Consumption Expenditure Survey, in order to assess the similarities and dissimilarities between them. He suggested that the Committee need to keep these points in mind during its deliberations. He also requested Labour Bureau to ensure all technical and logistical support required for report writing, meetings, and field visits.

4. Following the Chairman's remarks, Shri Virender Singh, DDG, Labour Bureau, made a presentation on the background, mandate and rationale of CPI-IW. He highlighted that CPI-IW is used for periodic revision of wages under Minimum Wages Act, 1948 and continues to be recognised for this purpose under the relevant provisions of the Code on Wages/Central Rules for revision of dearness allowance/variable dearness allowance. On the utility of CPI-IW, the DDG informed that, apart from its statutory use in revising dearness allowance for central and state government employees and organised-sector workers, the index is also used by public sector undertakings and private sector establishments for price escalation clauses in contracts and has significant academic and policy-research relevance. He also informed the Committee about the on-going CPI-IW base revision exercise under the guidance of Expert group. While presenting the rationale for continued relevance of the CPI-IW even after MoSPI brought out CPI (Urban), he highlighted that both these indices cater to different segments and have different purposes. CPI-IW differs from CPI (Urban) in terms of target population and consumption basket composition. Being a worker's centric dataset, the mechanism of tripartite consultation in the form of Standing Tripartite Committee (STC) is a unique and important aspect of CPI-IW. Other major difference is in terms of selection of shops and markets, and state level consultations. International practices, norms as reflected in the CPI Manual 2020 (a joint publication of the ILO, IMF,

Eurostat, the UN and the World Bank) and the decision of the International Conference of Labour Statisticians (2003) also emphasis on having target group specifics price indices. Therefore, the CPI number by Labour Bureau is very much relevant and good example of diverse and worker focused indicators.

5. Shri Anil Kumar Sharma made a presentation on the background and rationale of CPI-AL/RL. He explained that CPI-AL was constructed in 1964 and CPI-RL (base

1986-87) was added in 1995, primarily to serve the indexation function under the Minimum Wages Act, 1948 (now Code on Wages, 2019), which mandates periodic adjustment of the Cost-of-Living Allowance component of minimum wages. He noted that the existing series (2019=100) expanded coverage to 34 States/UTs and 787 villages using 68th Round HCES (2011-12) weights. The ongoing base revision draws on HCES 2023-24 data and MGNREGA active-worker data as the sampling frame (with Chandigarh excluded as fully urbanised) and identifies 61,090 target households, expanding coverage to 1,164 villages across 543 districts, with a minimum of 8 villages per State/UT and no reduction below 2019series allocations. On rationale, he highlighted CPI-AL/RL's role in wage revision, RBI's rural distress assessment, CACP's MSP fixation, and PM-POSHAN cooking-cost revision. He further presented comparative weighting data (CPI-AL/RL retaining a higher Food & Beverages weight than CPI-Rural), evidence of greater PDS/welfare dependence among casual labour households, and village-overlap data (under 1.5%) demonstrating the infeasibility of merging CPI-AL/RL with CPI Rural, concluding that CPI-AL/RL remains a distinct instrument for inclusive growth and SDG accountability (SDGs 1, 2, and 8).

6. The Chair thereafter invited comments and observations from the Members. The following key points emerged during the discussion:

- i. The representative from Federation of Indian Chambers of Commerce & Industry (FICCI) suggested building a common database at the stage of primary data collection, from which purpose-specific filters could subsequently be applied. He also suggested enhancing transparency of price collection mechanism. In response the secretariat clarified that the

indices differ materially in sampling units and geographic coverage. Beyond this, he suggested cross-verification of price data including using online market data (with AI assistance) to check price variation where rates have risen sharply, and using the GST database on food items (checked district-wise).

- ii. The representative from Bharatiya Mazdoor Sangh mentioned that he supports the tripartite consultation mechanism followed by Labour Bureau. He also suggested that the survey and index should reflect the conditions at centre and industrial level with even wider coverage of the industrial workers.
- iii. Professor Maiti from Delhi University highlighted that the Consumer Price Indices (CPIs) should be guided by their intended purpose. He underscored the need to expand the coverage of indices, stressing the importance of capturing greater diversity in geography, occupations, and working conditions. He further noted that informal workers have distinct consumption patterns, purchase different products, often in smaller quantities, leading to differences in the prices they face. He observed that, owing to these variations, a single survey may not be suitable for compiling different CPIs and that separate survey designs may be required to meet the specific objectives of each index. Estimating a reliable cost of living index, he added, requires data at a more granular level. He also highlighted the need to maintain consistent quality of items included in the CPIs throughout the index compilation process.
- iv. Professor Maiti further requested clarification why the index is divided specifically into "Agricultural Labour" and "Rural Labour", when its actual purpose is to serve manual type workers more broadly and suggested that, rather than using the term "Rural", it may be more appropriate to describe the target group simply as "Workers". On the point of merging CPI-AL and CPI-RL, Labour Bureau explained giving a historical context that, CPI-AL (1960s) was later expanded into CPI-RL (1986-87) by adding non-agricultural rural labour, so AL is technically a subset of RL. Both use the same collected prices/markets; the only difference is the consumption-basket weighting.

- v. Sh. Arun C Adatte from the Department of Economic Affairs queried whether the number of items in the CPI-IW basket had been revised as part of the present base revision exercise, and separately queried whether housing had been adequately weighted in the CPI basket. In response, the Secretariat clarified that housing has been assigned an appreciable weight in the CPI-IW basket, and that the item basket is subject to periodic revision based on defined inclusion criteria and that, as part of the present base revision, items that have lost relevance are proposed to be dropped while newly emergent items, including those relating to e-commerce/online platforms, are proposed to be added, subject to their weight in the consumption basket. For CPI-AL/RL it was clarified that the CPI-AL/RL target population consists of wage-paid manual labourers who largely do not pay rent. As a result, CPI-AL/RL has a negligible housing weight.
- vi. The member also raised query on whether the AL and RL sub-indices ought to be merged. In response, the secretariat clarified that, while agricultural labour households constitute a majority of rural labour households, and while the underlying price data collected is common to both sub-series, the two sub-indices are retained separately as the consumption pattern/weighting diagram differs materially between the two categories. Prof. Arup Mitra added that a significant number of erstwhile village settlements had transitioned into non-agricultural census-town-like settlements without formal recognition as urban areas, and highlighted that it was important to capture non-agricultural labour in rural areas to capture the consumption patterns of such transitional, non-agricultural rural populations. The member also advised to exercise due caution on use of MGNREGA active-worker data as the sampling frame for CPI-AL/RL, given possible self-selection bias since people take up MGNREGA work when no other employment is available, and this could introduce bias into sample/market selection. Labour Bureau explained it is used because it is the only database covering almost all rural districts and Gram Panchayats of India comprehensively and is closest to the target group of CPI-AL/RL. Further stating that presently there's no updated Census (last usable one is 2011) or any other population

frame to identify the target group otherwise. This is the “closest proxy” available given feasibility and budget constraints.

- vii. The representative from MoSPI mentioned that the NSC in 2001 report had mentioned the need for a comprehensive price index to represent general inflation. He also added that the same committee had mentioned that the other consumer price indices be integrated in it. DDG Virender Singh clarified that the IRC should examine the NSC recommendations being referred, as these recommendations (particularly Rangarajan Committee) have not specifically suggested to merge the price indices maintained by Labour Bureau.
 - viii. The representative of the Government of Maharashtra highlighted that the effectiveness of CPI depends on effectiveness of price collection. He suggested strengthening the price collection, supervision and inspection mechanism. He also talked about GST inclusion in CPI-IW prices. Government of Tamil Nadu representative informed that the State is actively associated with price collection for the CPI-IW. Sr. Economic Advisor, D/o Consumer Affairs expressed his views with respect to inter group weightage in the CPI Number.
7. Having noted the discussion, the Chair observed that the presentations made by the Labour Bureau had comprehensively brought out the rationale and technical basis for maintaining CPI-IW and CPI-AL/RL and that Members had raised substantive points meriting further examination. The Labour Bureau would prepare comprehensive technical notes on the issues discussed, incorporating the suggestions received from Members, and circulate the same, along with the agenda, well in advance of the next meeting, so as to enable focused deliberation and expedite preparation of the Committee's report. SLEA stressed the need to put in place mechanism to check accuracy of price collection.

The meeting ended with a vote of thanks to all the participants.

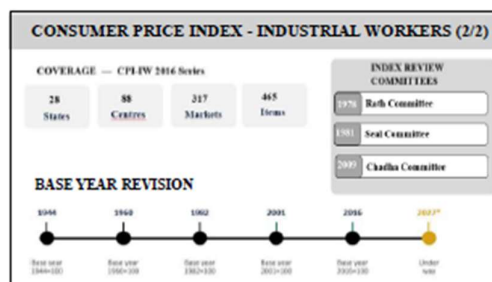
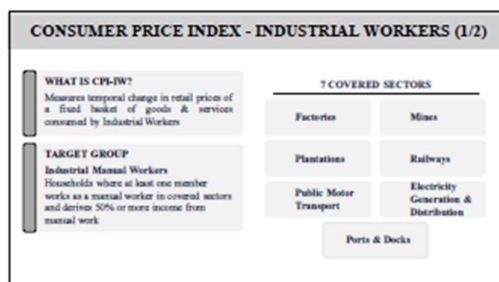
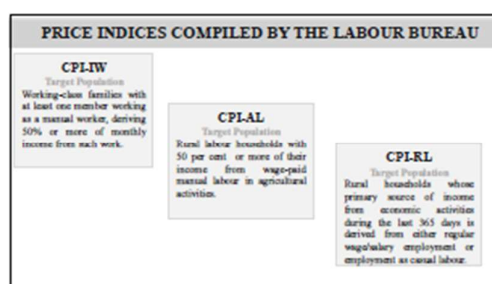
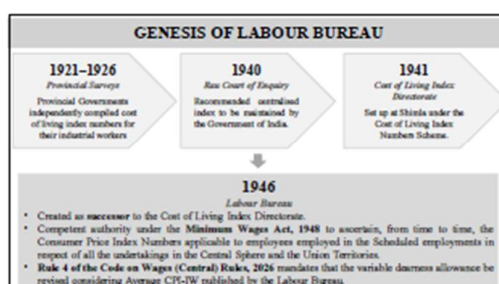
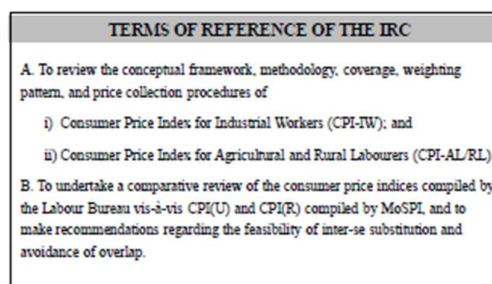
Annexure-I List of Participants

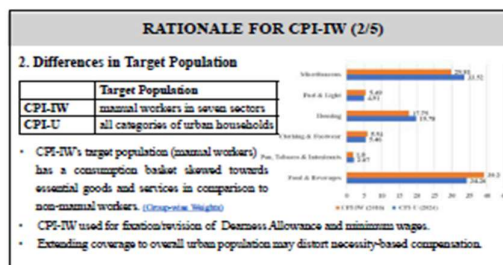
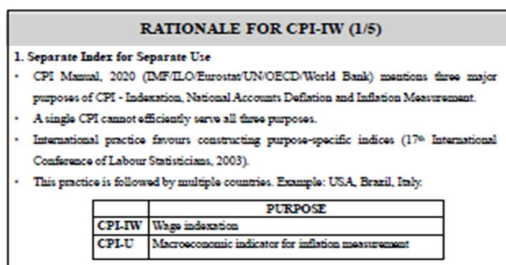
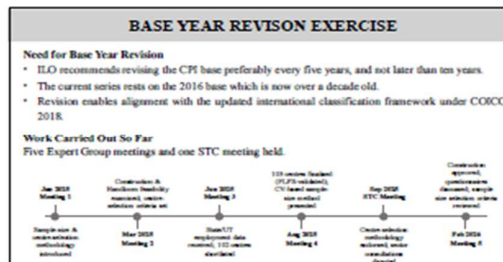
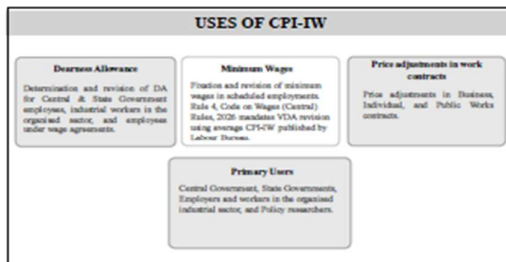
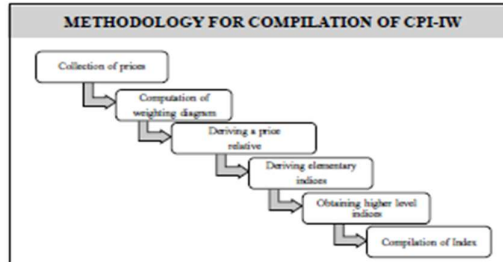
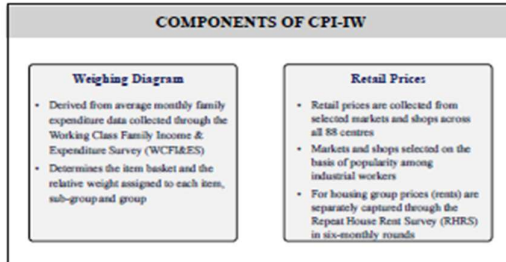
S.N.	Name	Designation	
A. Index Review Committee			
1.	Shri Arup Mitra	Faculty of Economics, South Asian University	Chairman
2.	Shri Alok Chandra	SLEA, MoLE	Member
3.	Shri S.S. Negi	DGLB, Labour Bureau	Member
4.	Shri Virender Singh	DDG, Labour Bureau	Member-Secretary
5.	Shri Amit Ray	Senior Economic Advisor, Department of Consumer Affairs	Member(through VC)
6.	Prof. Dibyendu Maiti	Delhi School of Economics University of Delhi	Member
7.	Tmt. Sherina	Joint Director, DES Tamil Nadu	Member(through VC)
8.	Shri Ram Sajeewan	Director, MoSPI	Member
9.	Shri Arun C Adatte	Joint Director, Department of Economic Affairs	Member
10.	Shri Kanishk Madhukar Kamble	OSD, Labour Commissioner Maharashtra	Member
11.	Shri Deependra Kumar	General Secretary, BMS	Member
12.	Dr. Harish Anand	FICCI	Member
B. Labour Bureau			
1.	Shri Anil Kumar Sharma	DDG, Labour Bureau	
2.	Dr. Gaurav Bhatia	Director, Labour Bureau	
3.	Shri Rakesh Vaid	Deputy Director, Labour Bureau	
4.	Ms. Chitra Ahlawat	Deputy Director, Labour Bureau	
5.	Shri Aman Deep	Assistant Director, Labour Bureau	
6.	Shri Pratap Singh	Investigator Grade-I, Labour Bureau	
7.	Shri Shiv Raj Meghwal	Investigator Grade-I, Labour Bureau	

8.	Ms. Shivani Singh Soni	Investigator Grade-I, Labour Bureau
9.	Shri Nitin Rose	Investigator Grade-II, Labour Bureau
10.	Shri Bharat	Investigator Grade-II, Labour Bureau
11.	Ms. Kusum Lata	Investigator Grade-II, Labour Bureau
12.	Shri Sanjay Kumar	Investigator Grade-II, Labour Bureau
13.	Ms. Meghna	Young Professional, Labour Bureau
14.	Shri Ashish Thakur	Young Professional, Labour Bureau
15.	Shri Arush Dev	Young Professional, Labour Bureau
16.	Ms. Urvi Gautam	Young Professional, Labour Bureau

Annexure IV

Presentations of the First Meeting of IRC





RATIONALE FOR CPI-IW (3/5)

3. Coverage Restricted to Organized Sector Workers:

CPI-IW	CPI-U
Manual workers in organized sector	Both organized and unorganized sector worker households

- The rationale for the restrictive coverage of only organized sector in CPI-IW is grounded in the ILO Resolution on Consumer Price Indices (17th ICLS, 2003).
- It mentions that the appropriate reference population for CPI depends critically on its intended use.
- Since CPI-IW is used for adjusting DA for government and PSU workers, and fixation and revision of minimum wages in scheduled employments, its population base should also only organized sector workforce.

RATIONALE FOR CPI-IW (4/5)

4. Updation Overseen by Standing Tripartite Committee (STC)

- CPI-IW has a unique tripartite governance character.
- STC comprises of representatives from:
 - the Central/State Government
 - employers' organisations, and
 - central trade unions/Employee Associations.

5. Difference in Market & Shop Selection for Price Collection

	Criteria for Selection
CPI-IW	based on popularity among industrial workers
CPI-U	based on overall population

RATIONALE FOR CPI-IW (5/5)

6. State-Level Consultation

- CPI-IW's strength rests on robust state-level consultation machinery.
- Central series operates in tandem with state-maintained series.
- Strong state coordination leads to significant economies in field operations.
- Leverages existing state government price-collection infrastructure
- Comprehensive price data across all selected centres at a modest annual outlay of approximately ₹50 lakh.

WHY HCES CAN NOT BE USED FOR CPI-IW WEIGHT DERIVATION

The question of whether Household Consumption Expenditure Survey (HCES), earlier Consumer Expenditure Survey (CES), can replace the WCF&ES for CPI-IW weight derivation has been examined across two Index Review Committees

1978 Rath Committee

- First committee to examine use of NSS CES for CPI-IW compilation.
- Recognised transition from centre-specific to regional index framework involved significant complexities.
- Concluded proper examination was needed before any decision.

2009 Chadha Committee

- The committee held that:
- CES provides state-level results whereas Labour Bureau compile centre-specific indices.
 - Industrial workers constitute a very small percentage of total CES sample.
 - Due to distinct coverage and insufficient sample representation, integration of the two surveys is not desirable.

THANK YOU

Consumer Price Index for Agricultural & Rural Labourers

Labour Bureau

Ministry of Labour & Employment
Government of India

Table of Contents

S.No.	Title
1	Introduction - Consumer Price Index
2	Consumer Price Index for Agricultural and Rural Labourers (CPI - AL & RL)
3	Existing Series - Base Year - 2019=100
4	New Methodological Elements
5	Rationale for CPI - AL&RL

Consumer Price Index (CPI)

CPI measures the average change over time in the prices paid by consumers for a market basket of consumer goods and services.

CPI Manual (2020): Three Main Uses of CPI



Monitoring Prices in Rural Areas



History and Future Trajectory of CPI - AL & RL

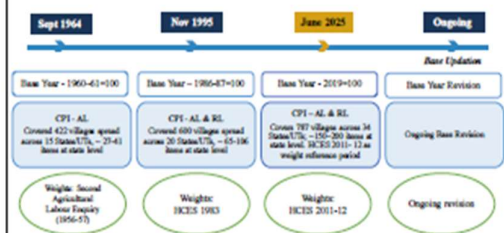
Government decided to construct and maintain CPI for Agricultural Labourers (CPI-AL) in the year 1964. Further, Index for Rural Labour with the base year 1986-87 was added and released in the year 1995.

- The Minimum Wages Act, 1948 (now replaced by Code on Wages, 2019) requires fixation and revision of minimum wages based on cost-of-living allowance.
- Section 3: Minimum rate of wages may consist of—
 - A basic rate of wages, and
 - A special allowance (Cost of Living Allowance), adjusted periodically in line with the Cost-of-Living Index applicable to workers.
- CPI Manual (2020) and ILO Minimum Wage Policy Guide - focuses targeted Consumer Price Index (CPI) for specific worker groups rather than using a single, headline national inflation index.

It measures temporal changes in retail prices of a fixed basket of goods and services consumed by Agricultural Labour and Rural Labour households - Captures the Cost of Living for Wage-paid labourers residing in rural areas.

It is a basic rate of wages and is designed to cover the cost of living of workers and their families. It is a special allowance (Cost of Living Allowance) which is added to the basic rate of wages to cover the cost of living of workers and their families. It is a special allowance (Cost of Living Allowance) which is added to the basic rate of wages to cover the cost of living of workers and their families. It is a special allowance (Cost of Living Allowance) which is added to the basic rate of wages to cover the cost of living of workers and their families.

Evolution of CPI - AL & RL



The Target Population: A Distinct and Non-Substitutable Reference Group

Category	Details	Consumption % (Annual PLPI 2015)
Agricultural Labour (household)	Agricultural labour households are a subset of rural labour households whose major source of income during the last 365 days is derived from agricultural activities, through regular wage/employment or casual labour.	Category of Employment (%)
Agricultural Labour	A person is treated as agricultural labour if he/she follows one or more of the following agricultural operations in the capacity of labourer on farm or in exchange, whether paid or not, or both or partly in both and partly in kind: a. sowing, weeding, cultivation and sowing of forest, etc. b. dairy farming c. production, collection, growing and harvesting of any horticultural commodity, d. making of compost, manuring or poultry farming, and e. any practice performed as a farm or incidental to or in conjunction with farm operations (including any tending or shearing, operations and the preparation for market and delivery to market or in storage for transportation to market of farm produce)	Self-employed: 62.4 Not included Casual Labour: 23.5
Rural Labour (household)	These rural households whose major source from economic activities during the last 365 days is derived from regular wage/employment or employment as casual labour.	Regular wage/industry: 14.1 Target Population for CPI - AL&RL selected as per NSSO 2015
Rural Labour	Rural labour is casual labour living in rural areas and working in agricultural and non-agricultural occupations as labour for wages and other in-kind or cash.	

Self-Employment is not a part of target population for CPI - AL&RL.

CPI – AL & RL

Base Year 2019 = 100

The 2019 series at a Glance

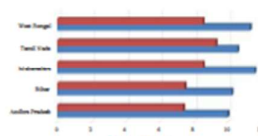
34 States & Union Territories	787 Sample Villages	~150-200 Items per State in the Basket	Laspeyres Index
Factor	Series (2019=100)		
Survey Reference	State Round (R-35 (2011-12))		
Compilation Method of Primary Index	Geometric Mean (GM)		
Classification	CSO/CSP-2018 (Partially)		
IPIS Treatment	Geometric Mean of PP and CM prices, Use of Imputation Concept		
Seasonality	Flexible base-level weights depending on the availability during the season		
Release Frequency	Monthly (released with a lag of 28 days)		

Group-Wise Weights of CPI (AL & RL)

GROUPS	CPI-AL		CPI-RL	
	Old Series (1986-87)	Current Series (2019)	Old Series (1986-87)	Current Series (2019)
Food and Non-Alcoholic Beverages	69.17	87.80	66.77	86.61
Free Tobacco and Other Intoxicants	3.79	4.29	3.79	4.12
Fuel and Light	8.15	8.40	7.90	8.40
Clothing and Footwear	6.98	7.25	9.76	7.29
Miscellaneous	11.73	21.90	11.87	22.49

Weight of States in All India Index (%)

State	CPI-AL (2019)	CPI-RL (2019)
Andhra Pradesh	10.03	7.42
Bihar	10.26	7.50
Maharashtra	11.42	8.58
Tamil Nadu	10.62	9.32
West Bengal	11.34	8.56



New Methodological Elements

1. The Consumption Unit (CU) Approach

CPI-AL/RL is presently built on a headcount basis — expenditure divided by number of persons, treating an infant same as a labouring adult.

- First, it doesn't account for the fact that different household members have different consumption requirements.
- Second, it does not capture the savings a household makes simply by living together

Consumption Unit concept:

- Weights members by age/sex/activity vs. a reference adult, normative (nutrition-norm) approach fits existing HCES data best.
- Workable route - builds directly on HCES expenditure data—using NIN's age-sex-activity coefficients

2. Hedonic Pricing

- Not currently used in CPI-AL/RL, used abroad mainly for fast-changing categories.
- Hedonic methods separate a pure price change from a quality change.

When a product in the basket is replaced by a newer variant, a hedonic regression estimates how much of the observed price difference reflects genuine quality change rather than pure inflation.

- For CPI-AL/RL's basket — categories where specification changes and brand substitutions periodically surface even at the village retail level.
- Could eventually apply to clothing, footwear, electronics within CPI-AL/RL's basket.

3. COICOP

- Adopting a COICOP-2018-aligned classification places CPI-AL/RL within a classification structure used globally, relevant for cross-country comparison/benchmarking.
- Labour Bureau adapted, not fully adopted, this structure.
- A modified five-group structure was used instead, tailored specifically to the AL/RL basket in 2019

Food

PM-Tobacco
& Intoxicants

Fuel and
Light

Clothing and
Footwear

Miscellaneous

4. PDS and Welfare Items

A meaningful share of AL/RL household consumption comes at subsidised rates via government welfare schemes — PDS food, and comparably, government schools/hospitals for education and health.

PDS ITEMS

- PDS pricing (GM of fair-price/open-market, weighted by entitlement category) - depends on entitlement.
- Worth considering periodic updation of ration-card categories and PDS coverage.

HEALTH & EDUCATION

- Simple GM ignores the government-vs-private demand split, unlike PDS's weighted approach.

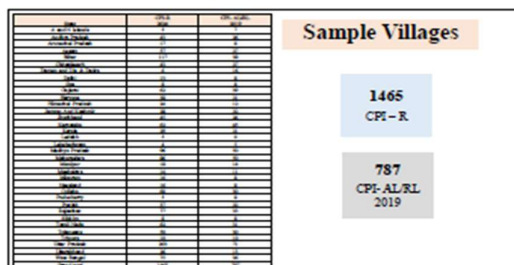
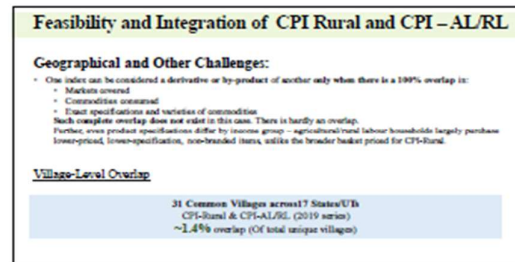
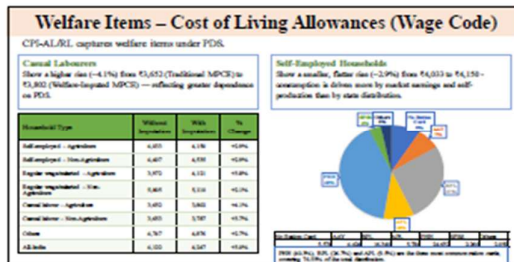
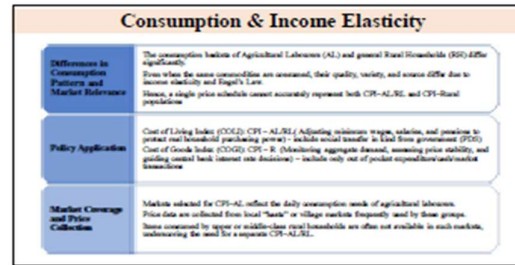
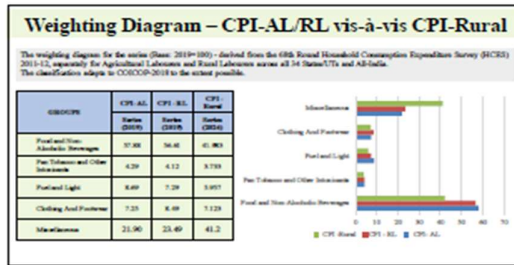
Rationale for CPI – AL & RL

Uses of CPI-AL & RL

Revision of Wages Periodic revision of minimum wages for agricultural occupations.	VB-G RAM G State-wise revision of wages for manual labour under VB-G RAM G.	RBI Monetary Policy Use retail wage and price data to assess agricultural and rural distress for monetary policy decisions.
CACP — MSP Fixation Computes the Composite Input Price Index while projecting Minimum Support Prices (MSP) for crops.	PM-POSHAN Scheme Revision of cooking cost periodically under the PM Poshan Akshayam (formerly Mid-Day Meal Scheme).	

International Organisations: Take on Price Indices

Consumer Price Index Manual 2020 & ILO Minimum Wage Policy Guide	CPI has three principle uses- indexation, national account deflation and inflation measurements - no single index serves all equally well. Hence need for multiple CPIs. Design and convention of a CPI depends on its purpose: an index built for indexation differs from the index built for macro inflation measurement or national account deflation. To better understand the needs of target population, price tracking should be from the perspective of those specific households and employees. A singular, aggregated national average masks severe socioeconomic inequalities. ILO favours the creation of localised and demographic-specific indices. Argues that lower-income brackets possess entirely separate consumption baskets dominated by food and healthcare, making national urban-weighted averages irrelevant to them. Countries may use a CPI computed for the poorest households to set and adjust minimum wages as they are the most afflicted- with special relevance where food prices rise faster than average prices (ILO Minimum Wage Policy Guide, 2016, Ch. 5).
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Annexure V

Minutes of the Second Meeting of IRC

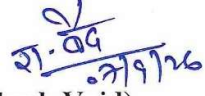
फाइल संख्या/File No.:76/11/2026-CU (Comp. No. 3483)
भारत सरकार / Government of India
श्रम एवं रोजगार मंत्रालय/ Ministry of Labour & Employment
श्रम ब्यूरो/ Labour Bureau

श्रम ब्यूरो भवन/Shram Bureau Bhawan
संस्थागत क्षेत्र/Institutional Area
सेक्टर-38 वेस्ट/Sector 38 West
चंडीगढ़/Chandigarh-36
दिनांक/Dated: 07.09.2026

NOTE

Subject: Circulation of the minutes of the second meeting of the Index Review Committee for updation of the base year of CPI (IW) and CPI (AL/RL).

The Minutes of the second meeting of the Index Review Committee (IRC) for updation of the base year of CPI -IW and CPI -AL/RL, held under the chairmanship of Shri Arup Mitra at Labour Bureau, Chandigarh on 17th August, 2026, are forwarded herewith for your kind information.


(Rakesh Vaid)
Dy. Director

Distribution:

Chairman and all Members of the Index Review Committee (IRC).

Copy to:

1. PPS to Director General, Labour Bureau, Chandigarh.
2. PS to DDG (VS) / DDG (AKS), Labour Bureau, Chandigarh.
3. Secretariat (Index Review Committee), Labour Bureau, Chandigarh.

फाइल संख्या/File No.:76/11/2026-CU (Comp. No. 3483)
भारत सरकार / Government of India
श्रम एवं रोजगार मंत्रालय/ Ministry of Labour& Employment
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चंडीगढ़/Chandigarh-36
दिनांक/Dated: 07.09.2026

टिप्पण

विषय: सी.पी.आई. (आई.डब्ल्यू) एवं सी.पी.आई. (ए.एल./आर.एल.) के आधार वर्ष अद्यतनीकरण हेतु सूचकांक समीक्षा समिति की द्वितीय बैठक के कार्यवृत्त के वितरण बाबत ।

श्रम ब्यूरो, चंडीगढ़ में दिनांक 17 अगस्त, 2026 को श्री अरुण मित्रा की अध्यक्षता में आयोजित सी.पी.आई. (आई.डब्ल्यू) और सी.पी.आई. (ए.एल./आर.एल.) के आधार वर्ष अद्यतनीकरण हेतु सूचकांक समीक्षा समिति (आई.आर.सी.) की द्वितीय बैठक के कार्यवृत्त आपको सूचनार्थ हेतु प्रेषित किये जा रहे हैं।


(राकेश वैद)
उप-निदेशक

वितरण:

सूचकांक समीक्षा समिति (आई.आर.सी.) के अध्यक्ष एवं सभी सदस्य

प्रति:

1. महानिदेशक, श्रम ब्यूरो, चंडीगढ़ के प्रधान निजी सचिव ।
2. उप महानिदेशक (वी.एस.) / उप महानिदेशक (ए.के.एस.), श्रम ब्यूरो, चंडीगढ़ के निजी सचिव ।
3. सचिवालय (सूचकांक समीक्षा समिति), श्रम ब्यूरो, चंडीगढ़

MINUTES ON THE 2nd MEETING OF THE INDEX REVIEW COMMITTEE (IRC)

The second meeting of the Index Review Committee (IRC) was held under the Chairmanship of Prof. Arup Mitra on 17.08.2026 at Shram Bureau Bhawan, Chandigarh. The

list of participants is placed at **Annexure-I**.

2. Shri S.S. Negi, DG(LB), extended a warm welcome to the Chairman and members of the IRC. He recalled the detailed discussions held in the first meeting of IRC on 13.07.2026 and looked forward to the constructive deliberation during the second meeting of the IRC. He briefly apprised the Committee of the action taken by the Secretariat on the decisions of the first meeting held on 13.07.2026. He highlighted the limited time available for completion of the mandate of the Committee, as its tenure would conclude in August 2026.

3. In his opening remarks, Prof. Arup Mitra, Chairman, emphasized that the Committee should ensure that CPI-IW is not perceived merely as a duplication of or overlap with other price indices. Rather, its continued relevance as a purpose-specific index for wage and salary indexation, particularly vis-à-vis CPI-U, should be examined. He informed that one more meeting would be convened for consideration and finalization of the report and suggested that the draft report be circulated to the Members in advance for their comments and suggestions.

4. Following the Chairman's remarks, Shri Virender Singh, DDG, Labour Bureau outlined the agenda for the meeting covering the conceptual framework, methodology, coverage, weighting pattern and price collection procedures of CPI-IW; its comparative assessment vis-à-vis CPI-U; and the structure of the Committee's report. In respect of CPI-AL/RL, the agenda focused on the conceptual framework, methodology, coverage, weighting pattern, and price collection procedures of CPI-AL/RL, Similarities and dissimilarities between CPI-AL/RL and CPI(R) compiled by MoSPI.

A. Discussion and presentation on CPI-IW

5. Agenda item 1: Conceptual Framework, Methodology, Coverage, Weighting Pattern, and Price Collection Procedures of CPI-IW

5.1 Dr. Gaurav Bhatia, Director, Labour Bureau, made a detailed presentation on CPI-IW. He highlighted its historical evolution, institutional and consultative framework, methodology, coverage and principal uses, particularly

in the determination of dearness allowance, revision of minimum wages and contractual wage adjustments.

5.2 The Committee was informed that under the ongoing revision of CPI-IW series geographical and sectoral coverage scope is proposed to expand and with addition of the construction sector total centres would go up to 130. Similarly, the sample size of Working-Class Family Income and Expenditure Survey (WCFIES) would also be increased to about 60,000 families plus 20000 RHRS samples households. The methodology under the existing series is based on Centre-specific consumption patterns, appropriate sampling, weighting and systematic price collection and validation procedures. The Committee was apprised that market selection is based on popularity among industrial workers, while the item basket and Centrewise weighting diagrams is derived from the WCFIES to reflect prevailing consumption patterns, using a stratified two-stage sampling design based on tenement and payroll frames. The methodology for base-year and current price collection, RHRS, and sample size determination was also explained. It was informed that the sample size would be determined based on the 36-month Coefficient of Variation (CV) and the 2% precision criterion, as recommended by the previous IRC, with the latest COICOP classification being adopted for item selection and weights.

5.4 Shri Amit Ray, Senior Economic Adviser, Department of Consumer Affairs, emphasized that price trends, rather than isolated differences in price levels across markets, should be the primary consideration in index compilation. He stressed the need to capture genuine regional and episodic price movements without treating legitimate price increases as outliers.

5.5 Shri Harish Anand, FICCI, highlighted that the reliance on a single national level Consumer Price Index (CPI) for determining industrial wages across various states/UTs may not adequately reflect significant regional price variations affecting workers across different states and metropolitan areas. He suggested that price data should undergo periodic independent verification through random sampling to ensure accuracy and representativeness. Additionally, he called for a review of the weightages assigned to key expenditure components such as healthcare, medicines, and transportation. In response, Dr. Gaurav Bhatia, Director informed that Labour Bureau apart from the national level All India CPI, also compiles and published Centre-level

indices. These centre wise indices are extensively being used by various organisations for the wage and price adjustments. He further highlighted that regional level and seasonal variations are taking into considerations, including PDS items and price changes, which are duly captured. He added that hilly, non-hilly and region-specific areas are adequately represented in the Centre selection.

5.6 Shri Harish Anand, FICCI further pointed that the time taken at each stage of data transmission from shop-level collection to the state level, Regional Office, and Headquarters should be examined along with identifying scope for further digitisation. In this regard, Shri Virender Singh, DDG clarified that the data collection and submission process is being revised to capture emerging consumption patterns, including online shopping. He also highlighted end-to-end online automation and deployment of AI tools and feasibility of publishing separate indices would be explored during the base-year revision.

5.7 Prof. Dibyendu Maiti from Delhi School of Economics emphasised the importance of presenting strong quantitative evidence to establish CPI-IW as a distinct index, particularly by demonstrating the coverage of surveyed workers relative to the total relevant worker population. He also recommended improving the level of detail in the classification of miscellaneous expenditure by further disaggregating components such as health, education, and transport. Additionally, he highlighted the need to address issues relating to contractual workers, absence of payroll data, application of sample weights, and the criteria used for replacing sample units. He sought clarification on how workers commuting from distant locations to selected Centres are covered in the sampling design, emphasizing that such workers should not be excluded from the survey. Shri S. S. Negi, DGLB clarified that Centre selection for the WCFIES is primarily based on concentration of industrial working population, which forms the basis for deriving the weights. He further clarified that when a worker gets selected through Payroll sampling, the investigator visits his place of residence for recording consumption expenditure which takes care of the commuting workers.

5.8 The Chairperson Prof Arup Mitra added that the term “popularity of market” refers to primarily the shops/outlets where the majority of the target population actually make purchases and which caters to the target population

in the Centre. Shri Virender Singh, DDG further informed that the markets and outlets are selected based on their practical relevance and usage by the working class population and in due consultations with the state government, Vyapaar mandals, local residents and other stakeholders to ensure representativeness and reliability of data.

5.9 Shri Aneesh Mishra, Bhartiya Mazdoor Sangh(BMS) suggested incorporation of emerging consumption patterns, including online purchases and ICT-related expenditure.

5.10 Ms. Rose Mary K. Abraham, Advisor, Deptt of Economic Affairs, suggested exploring the feasibility of developing a separate Cost of Living Index for urban slum populations noting that this segment is currently inadequately represented in the existing spectrum of price indices and also considering their distinct consumption patterns and market conditions. She also highlighted that the treatment of free/PDS and seasonal items should be undertaken carefully to ensure that it does not lead to artificial inflation or deflation arising purely from seasonal availability rather than actual price movements. It was clarified that unlike in the general CPI, PDS items are included in the CPI-IW, since this index is used for wage and salary indexation and Public Distribution System supplies constitute a part of workers' consumption basket. Excluding PDS items from CPI-IW could therefore lead to over-compensation in wage indexation.

5.11 Shri Ram Sajeewan, Director, PSD, MoSPI, clarified that the revised approach in CPIU uses imputation for missing seasonal items, with imputed prices derived from the price relatives of similar items to avoid artificial inflation arising from seasonal availability.

5.12 The Committee was informed that COICOP classification had also been adopted in the existing CPI-IW series, and that the latest COICOP classification, in line with international standards, would be adopted in the new CPI-IW series for classification and item selection. 5.13 Sh. Kanishk Madhukar Kamble, OSD, O/o Labour Commissioner, Maharashtra, suggested inclusion of government employees in CPI-IW for the purpose of DA. He also suggested that the inclusion of additional sectors may be considered to enhance the comprehensiveness of CPI-IW. It was also clarified that CPI-IW includes government employees of Railways, Ports & Docks, Public Motor Transport

Undertakings and Electricity Generation & Distribution besides PSUs employees.

5.13 The multi-layer price scrutiny mechanism was highlighted by both DG and DDG as an important quality-control measure, wherein prices are successively scrutinized by the Price Supervisor, state Price Coordinator, Regional Offices and Labour Bureau Headquarters, with inconsistent price observations referred back to the concerned state authorities for verification.

6. Agenda item 2: Comparative review of CPI-IW vis a vis CPI-U of MoSPI

Dr. Gaurav Bhatia made a presentation comparing CPI-IW with CPI-U, highlighting differences in their objective, target population, coverage, sampling framework, weighting pattern, price collection and principal uses.

6.1 While referring to the ILO CPI Manual (2020) and international practices, Dr Bhatia informed that there are 3 main uses of the price indices:

a) **Wage Indexation:** The CPI-IW compiled and disseminated by the Labour Bureau is primarily used for wage indexation and revision of wages, dearness allowance and other compensation-related benefits for industrial workers. It is widely used by the Central and State Governments, employers and other stakeholders for linking wages/allowances to changes in the cost of living.

b) **Inflation Measurement:** The CPI compiled and disseminated by the Ministry of Statistics and Programme Implementation (MoSPI) is used as the principal measure of retail inflation in the country. It is used by the Reserve Bank of India and the Government for monitoring inflation, monetary policy formulation and macroeconomic policy decisions.

c) **Price Deflator:** Price indices compiled by the Department for Promotion of Industry and Internal Trade (DPIIT), particularly the Wholesale Price Index (WPI), are used as price deflators for converting values at current prices into constant prices and for estimating real growth/output in various sectors. These indices are also used by Government departments, industries and researchers for economic analysis and policy purposes.

He highlighted that many countries have the purpose specific prices indices. For instance, Bureau of Labour Statistics in USA brings out a worker centric Consumer Price Index for Urban Wage Earners and Clerical Workers(CPI-W) in addition to the broader Consumer Price Index for All Urban Consumers(CPI-U). Similarly, Italy maintains the FOI (Indice dei Prezzi al Consumo per le Famiglie di Operai e Impiegati), a dedicated index for wage-earning and clerical worker households, distinct from its general national CPI. Certain countries also publish separate price indices designed to address distinct policy, analytical and household-specific objectives. In Australia, apart from CPI, Selected Living Cost Indexes (SLCIs) are compiled separately which includes an “Employee Households Index” which measures living cost for wage/salary earners. Brazil also maintains a system of consumer price indices, including the IPCA and INPC, with the latter specifically designed to measure price changes affecting lower income salaried households. Thus, international practice indicates that multiple price indices may be compiled concurrently to serve different measurement and policy requirements

6.2 Dr. Bhatia elaborated that CPI-IW cater to the requirements of the working class families whereas CPI-U has low representation of wage worker households (Salaried or Casual Labour). He emphasized that the two indices cannot substitute for the other without compromising their intended objectives. He informed that since CPI-IW used for adjusting DA paid to Central and state Government employees and public sector workers, along Minimum Wages in Scheduled Employments, its appropriate target population should also comprise of organized sector workforce rather than general urban population.

6.3 The committee was informed that CPI-IW has a distinctive tripartite governance character involving extensive consultation with state Governments, trade unions, employers and other stakeholders. This tripartite validation makes CPI-IW the only price index in India whose institutional design embodies the ILO's foundational principle of social dialogue. He also highlighted that in addition to the Central series of CPI-IW, state-level CPI series are also compiled by many states.

6.4 Dr. Bhatia informed that sample size of CPI-Urban survey covers general urban households while CPI-IW specifically targets the working-class

population, reinforcing the case for maintaining it as a separate purpose-specific index. Shri Virender Singh, DDG highlighted the strong coordination of the state Governments in CPI compilation, with state level series using Labour Bureau's Centre-level data and extending coverage to additional Centres. This creates an integrated and complementary network between the central and statelevel indices. He further emphasized the statutory mandate under the Code on Wages for CPIIW in the fixation/revision of minimum wages.

6.5 Tmt. Sherina, Joint Director, DES Tamil Nadu underscored the importance and relevance of CPI-IW for the working class families.

6.6 During the discussion, the Committee observed that CPI-IW and CPI-U are not duplicative indices. While CPI-U is designed to measure price changes for the broader urban population and serves wider macroeconomic and inflation-related purposes, CPI-IW is a purpose-specific index representing the consumption pattern of working-class families and is used for wage and salary indexation, including Dearness Allowance and minimum wage revision. It was further noted that the two indices have different target populations and methodological frameworks and, therefore, one cannot fully substitute for the other without affecting the purpose for which the respective index is designed.

6.7 The Committee noted that the continued relevance of CPI-IW is also supported by its established institutional framework involving consultations with State Governments, employers, trade unions and other stakeholders. The Committee also took note of international practices, including the existence of separate indices for wage-earner/working-class households in countries such as the United States and Italy.

6.8 Prof. Arup Mitra, Chairman, while summarising the discussion on this agenda informed that although CPI-IW and CPI-U may have certain areas of overlap, they serve distinct and important purposes. He emphasized that purpose-specific price indices remain relevant, particularly for wage fixation, dearness allowance and periodic wage revisions. He, therefore, supported the continued existence of CPI-IW as a separate index.

6.9 The Committee also discussed the possibility of developing a separate index for urban slum populations, considering their distinct consumption patterns and cost of living conditions. 6.10 It was decided that the presentation

made during the meeting would be circulated among the Members. The PPT is placed at **Annexure-II**.

B. Discussion and Presentation on CPI-AL/RL

7. Ms. Chitra Ahlawat, Deputy Director (LB) made a detailed presentation on the Consumer Price Index for Agricultural Labourers/Rural Labourers (CPI-AL/RL) (placed at **Annexure-III**), covering its evolution, conceptual framework, existing series, methodology and the ongoing base revision exercise. It was highlighted that the CPI-AL/RL series has evolved through successive base revisions, from 1960-61=100 to 1986-87=100 and thereafter to the present 2019=100 series, with progressive expansion in geographical coverage, commodity basket and improvement in the underlying expenditure weights. The target population of the index comprises wage-paid manual labour households, including regular wage/salaried and casual labour in agricultural and non-agricultural activities, with Agricultural Labour (AL) constituting a subset of Rural Labour (RL). The index has a distinct indexation-oriented purpose and is used, inter alia, for revision of agricultural wages, VB – G RAM G (erstwhile MGNREGA) wages, PM-POSHAN cooking costs and other policy applications. It was further informed that, under the ongoing base revision exercise, HCES 2023-24 data have been utilised to determine the consumption pattern of the target population, while active MGNREGA workers are being used as the key variable for sample allocation. The proposed series envisages an expansion of village coverage from 787 villages in the 2019 series to 1,164 villages 35 States/UTs.

7.1. The presentation also brought out the fundamental distinction between CPI-AL/RL and CPI-Rural. It was explained that CPI-AL/RL is designed specifically for wage-paid manual labour households, whereas CPI-Rural covers the entire rural population, including self-employed households, regular wage/salaried households and casual labour. Accordingly, the two indices serve different objectives: CPI-AL/RL primarily serves the purpose of wage indexation and related policy requirements, while CPI-Rural is intended to measure the general inflation for the rural population. It was emphasised that the distinct target population of CPIAL/RL makes its consumption pattern and expenditure structure different from that of the broader rural population.

7.2. It was further highlighted that the distinction between the two indices extends to their consumption weights, geographical concentration, sample villages and markets, as well as the specifications and varieties of commodities

priced. The overlap in sample villages between CPI-Rural and CPI-AL/RL is very limited, at 1.4 per cent in the 2019 series and 0.96 per cent in the proposed series. It was also noted that agricultural and rural labour households tend to consume lower-priced and lower-specification, often non-branded, products, which may differ from those consumed by the broader rural population. In view of these differences, CPI-Rural cannot be considered a substitute or derivative of CPI-AL/RL.

7.3. The members observed that the differences in the sample villages and markets covered under CPI-Rural and CPI-AL/RL have a direct bearing on the feasibility of using a common price-collection framework. In the absence of a common set of sample villages/markets, the prices collected for CPI-Rural would not provide an appropriate basis for compilation of CPI AL/RL. The members, therefore, agreed that the two series cannot be integrated merely by using the price data of CPI-Rural, and that a separate price-collection framework for CPI AL/RL is necessary to adequately represent the price experience of its specific target population. Accordingly, integration of the two series with respect to price collection was not considered feasible.

7.4. Having noted the discussion, the Chair observed that the presentation had comprehensively established the rationale and methodological basis of the CPI-AL/RL series and its continuing relevance in the context of its specific indexation objective. The Chair further observed that the distinction between CPI-AL/RL and CPI-Rural was not merely a difference in nomenclature or coverage, but arose from the fundamentally different purpose for which the two indices are designed. CPI-AL/RL addresses the price experience of a specific, wage dependent segment of the rural population and provides an index specifically suited to wage indexation and related policy requirements, which cannot be adequately served by an index designed to represent the rural population as a whole. The Chair accordingly observed that CPIAL/RL constitutes a distinct and independently relevant index and that its continued existence as a separate series is justified.

Agenda item 3: Structure of the Committee's report

8.1 The proposed structure of the Committee's report was discussed. In view of the limited time available, it was decided to retain five chapters, excluding the proposed chapter on field visits and users' interactions in light of the ToRs.

8.2 The Committee suggested that the report should clearly bring out the distinct purpose, target population, methodology and uses of CPI-IW vis-à-vis CPI-U, supported by appropriate quantitative and international evidence. It was also suggested that the international comparative review may include additional examples, such as Australia and New Zealand, besides the United States and Italy.

8.3 It was decided that the draft report would be prepared and circulated to the Members at the earliest and, preferably, before the next meeting. The next meeting would consider the draft report with a view to its finalization.

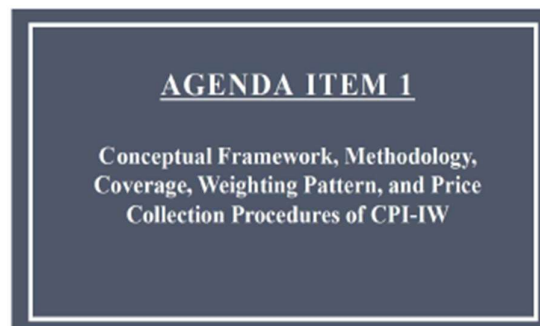
The meeting ended with a vote of thanks to all participants.

Annexure-I List of Participants

S.N.	Name	Designation	
A. Index Review Committee			
1.	Shri Arup Mitra	Faculty of Economics, South Asian University	Chairman
2.	Shri Alok Chandra	SLEA, MoLE	Member
3.	Shri S.S. Negi	DGLB, Labour Bureau	Member
4.	Shri Amit Ray	Senior Economic Advisor, Department of Consumer Affairs	Member (through VC)
5.	Dr. Rose Mary K Abraham	Adviser, Department of Economic Affairs	Member
6.	Prof. Dibyendu Maiti	Delhi School of Economics University of Delhi	Member
7.	Shri Ram Sajeewan	Director, MoSPI	Member
8.	Shri Anish Mishra	General Secretary, BMS	Member
9.	Dr. Harish Anand	FICCI	Member
10.	Sh. Shakti Kant Singh	Director, Deptt of Rural Development	Member (through VC)
11.	Tmt. Sherina	Joint Director, DES Tamil Nadu	Member (through VC)
12.	Shri Kanishk Madhukar Kamble	OSD, Labour Commissioner Maharashtra	Member
13	Shri Virender Singh	DDG, Labour Bureau	Member-Secretary

B. Labour Bureau		
1.	Shri Anil Kumar Sharma	DDG, Labour Bureau
2.	Dr. Gaurav Bhatia	Director, Labour Bureau
3.	Ms. Chitra Ahlawat	Deputy Director, Labour Bureau
4.	Shri Rakesh Vaid	Deputy Director, Labour Bureau
5.	Shri Shiv Raj Meghwal	Investigator Grade-I, Labour Bureau
6.	Ms. Shivani Singh Soni	Investigator Grade-I, Labour Bureau
7.	Shri Sanjay Kumar	Investigator Grade-II, Labour Bureau
8.	Ms. Meghna	Young Professional, Labour Bureau
9.	Shri Ashish Thakur	Young Professional, Labour Bureau
10.	Shri Arush Dev	Young Professional, Labour Bureau
11.	Ms. Urvi Gautam	Young Professional, Labour Bureau

Presentations of the Second Meeting of IRC



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| II | Agenda Item 1 — Conceptual Framework, Methodology, Coverage, Weighting Pattern and Price Collection Procedures of CPI-IW | → slide 4 |
| III | Agenda Item 2 — Comparative Review: CPI-IW vis-à-vis CPI-U | → slide 19 |
| IV | Agenda Item 3 — Structure of the Committee's Report | → slide 27 |

BACKGROUND OF CPI-IW

- Owes its **origin** to the sharp rise in cost of living of workers in the wake of the **World War I**.
- Provincial Governments** started independently compiling cost of living index numbers for their industrial workers
- Rau Court of Enquiry** (1940, under the Trade Disputes Act 1929) recommended centralised maintenance of cost-of-living index numbers
- This led to the **Cost of Living Index Directorate** (1941, Shimla), and in 1946 to the **Labour Bureau** as its successor.

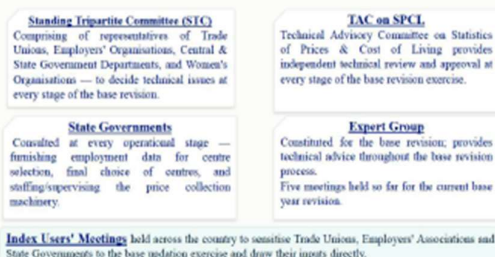
CPI-IW series compiled by Labour Bureau since inception



BACKGROUND

- Constitution of the IRC** by the Ministry of Labour & Employment on 22/06/2026.
- 1st Meeting of IRC** held on 13th July, 2026. Introductory presentation made on Consumer Price Indices compiled by Labour Bureau.
- Agenda for 2nd meeting of IRC** involves detailed deliberations on:
 - The conceptual framework, methodology, coverage, weighting pattern, and price collection procedures of CPI-IW and AL/RL.
 - Similarities and dissimilarities between Consumer Price Indices compiled by the Labour Bureau vis-à-vis CPI(U) and CPI(R) compiled by MoSPI.
 - The structure of the report of the IRC.

INSTITUTIONAL & CONSULTATIVE FRAMEWORK



➡ MAJOR USES OF CPI-IW

- Determination and revision of **Dearness Allowance** for Central & State Government employees, industrial workers in the organised sector, and employees under wage agreements.
- Fixation and revision of **minimum wages** in scheduled employments. **Rule 4, Code on Wages (Central) Rules, 2026** mandates VDA revision using average CPI-IW published by Labour Bureau.
- Reference benchmark for **adjustments** in Business, Individual, and Public Works contracts.
- **Primary Users:** Central Government, State Governments, Employers and workers in the organised industrial sector, and Policy researchers.

➡ COVERAGE OF CPI-IW (3/5)

COVERAGE OF CENTRES

- ❖ A centre is a **specific location with a concentration of industrial workers**.
- ❖ The number of centres to be covered are primarily decided on the basis of:
 - increase in employment of workers vis-a-vis the last survey
 - the requirement for building up a representative All-India Average Consumer Price Index Series.
 - inclusion of States/UTs not represented earlier, and
 - operational feasibility

GROWTH IN NUMBER OF CENTRES SURVEYED

50	70	78	88	-130
1958-59	1981-82	1999-2000	2016	2027(proposed)

➡ COVERAGE OF CPI-IW (1/5)

TARGET POPULATION — WORKING CLASS FAMILY

Families where at least one member is working in covered sectors, and derives 50% or more family income from manual work.

SNAPSHOT OF COVERAGE

States / UTs	→ (2016=100) 28; (2027=100) Pan India
Centres	→ (2016=100) 88; (2027=100) ~130
Sectors	→ (2016=100) 7; (2027=100) 8 Sectors - Construction added
Markets	→ (2016=100) 317; (2027=100) to be expanded
Items	→ (2016=100) 465 ; (2027=100) to be revised with survey

➡ COVERAGE OF CPI-IW (4/5)

COVERAGE OF MARKETS

- ❖ The main criterion for the selection of a market is its **popularity among industrial workers**.
- ❖ Popularity is determined through interaction with knowledgeable sources like various local Trade Unions' leaders, representatives of Employer's Organisations, local MLA/MP/Councillors, local officers of Department of Economics & Statistics or Labour Department, and a cross section of industrial workers.

GROWTH IN NUMBER OF MARKETS

289	317
2001	2016

➡ COVERAGE OF CPI-IW (2/5)

SECTORAL COVERAGE (2016=100)

Working Class Families belonging to 7 sectors:

- ❖ **Factories:** The Factories Act 1948
- ❖ **Mines:** The Mines Act 1952
- ❖ **Plantations:** The Plantation Labour Act 1951
- ❖ **Railways:** The Indian Railways Act 1890
- ❖ **Public Motor Transport Undertakings:** The Motor Transport Workers Act 1961
- ❖ **Electricity Generating & Distributing Establishments:** The Indian Electricity Act 1910
- ❖ **Port & Docks:** The Dock Workers (Regulation of Employment) Act 1948 and The Indian Dock Labourers Act 1934

PROGRESSIVE EXPANSION

- 1 **1944**
Factories only
- 2 **1960=100**
Mines and Plantations Sector added
- 3 **1982=100**
3 → 7 sectors
(Based on recommendations of Rath & Seal Committees)
- 4 **2027=100 (proposed)**
Construction Sector added
(As per Expert Group)

➡ COVERAGE OF ITEMS (5/5)

CRITERIA FOR INCLUSION OF ITEMS

- all items having expenditure of 1 per cent or more at the sub-group level,
- important items distributed through the Public Distribution System, and
- items whose consumption is reported by a large number of families irrespective of the expenditure criterion have been retained in the index basket

465

items in the current (2016=100) index basket, classified into 6 COCOP consumption groups.

METHODOLOGY (1/6)

COMPONENTS OF CPI-IW

WEIGHING DIAGRAM

- Derived from average monthly family expenditure data collected through the Working Class Family Income & Expenditure Survey (WCFIES)
- Determines the item basket and the relative weight assigned to each item, sub-group and group

RETAIL PRICES

- Retail prices (base year and current) are collected from selected markets and shops across all centres
- For housing group prices (rents) are separately captured through the Repeat House Rent Survey (RHRS) in six-monthly rounds

METHODOLOGY (4/6)

WEIGHING DIAGRAM

- The weighing diagram of CPI-IW series, following the Classification of Individual Consumption by Purpose (COICOP) across six consumption groups.

Group	CPI-IW (1982=100)	CPI-IW (2001=100)	CPI-IW (2016=100)
Food & Beverages	57.00	46.20	39.20
Pan, Supari, Tobacco & Intoxicants	3.15	2.27	1.80
Clothing & Footwear	8.54	6.57	5.94
Housing	8.67	15.27	17.75
Fuel & Light	6.28	6.43	5.49
Miscellaneous	16.36	23.26	29.81

METHODOLOGY (2/6)

SAMPLING METHODOLOGY

- Sampling frame for WCFIES is prepared (based on preliminary exercise) independently for each sector within a centre.
- Two methods of sampling are used:
 - Tenement Sampling
 - Payroll Sampling
- Tenement Sampling is adopted if 75 per cent or more working class families can be identified through municipal wards, else Payroll Sampling is used.
- After selection of appropriate method, the sample is drawn following the a Stratified Two-stage Sampling design:
 - First-stage Units: clusters of establishments (payroll method) OR clusters of blocks (tenement method)
 - Second-stage Units: Working Class Families

METHODOLOGY (5/6)

PRICE COLLECTION

Prices collected weekly, monthly, or fortnightly as prescribed per item.

317 markets
across 88 centres

THREE-TIER SCRUTINY OF PRICES

1 Field Check

Price Supervisor checks and verifies prices collected by Price Collectors.

2 Regional Audit

Officers of Regional & Sub-Regional Offices undertake periodic price audit at centres.

3 Headquarter's Scrutiny

Prices examined at HQ for intra-shop, inter-market and inter-period consistency; discrepancies.

METHODOLOGY (3/6)

METHODOLOGY FOR SAMPLE SIZE DETERMINATION OF CENTRES

- For Common Centres:
 - Sample size arrived at by using the Co-efficient of Variation (CV) of sub-sample indices of 36 months for each centre and compared with the precision envisaged for the survey viz. 2 per cent.
 - If the average value of CV is equal to or less than 2 per cent, existing sample size retained.
 - If the average value of the CV exceeded 2 per cent, the sample size determined as follows:

$$\text{New Sample Size Allocation} = \text{Old Sample Size} \times \frac{(CV)^2}{4}$$
 - New sample size is restricted to not more than twofold of the previous survey.
 - The sample size for centres are adjusted to multiples of 216 for Schedule 'A' and 84 for Schedule 'B1'.
- For New Centres:
 - Sample size is determined by considering following factors:
 - Variability observed at a similar/ neighbouring centre.
 - Size of the working class population at these centres.

METHODOLOGY (6/6)

INDEX COMPILATION METHODOLOGY

Using the Weighing Diagram (fixed from WCFIES) and Retail Prices (Base and Current) the index is compiled in four sequential steps:

1 Price Relatives Price Relatives (PR) refers to ratio of current year to base year prices for each item. Estimated separately for each market in a centre.	2 Elementary Indices Jevons Formula Geometric Mean of price relatives of all markets across items. Used for obtaining price relatives of each item for a given centre.	3 Higher Level Indices Laspeyres Formula weighted average of the elementary price indices. $I_h = \sum (p'_i / p_i) \times w_i$ (p'_i / p_i) Elementary price relative for item 'i' in a centre. w_i weight assigned to the i th item.	4 All-India Index Weighted average of all 88 centre-level general indices.
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POINTS FOR DISCUSSION/DECISION

Views of the IRC on the Conceptual Framework of the CPI-IW:

- Index Compilation Methodology
- Coverage – target population, sectors, centers, markets and shops
- Weighting pattern
- Price collection procedures of CPI-IW

RATIONALE FOR SEPARATE COMPILATION (1/6)

DIFFERENCE IN PURPOSE: CPI-IW FOR WAGE INDEXATION

- CPI-IW is India's **designated index for wage indexation**, distinct from indices designed for other uses i.e. National Accounts Deflation and Inflation Measurement (CPI-U).
- This is consistent with **international practice** of maintaining purpose-specific indices (CPI Manual 2020; 17th ICLS, 2003).

Example

- The **United States** compiles the CPI-W (Consumer Price Index for Urban Wage Earners and Clerical Workers) separately from the broader CPI-U (Consumer Price Index for All Urban Consumers), with the CPI-W specifically used for **wage indexation and adjustment of Social Security benefits**.
- Italy maintains the **FUI** (Indice dei Prezzi al Consumo per le Famiglie di Operai e Impiegati), a dedicated index for wage-earning and clerical worker households, **distinct from its general national CPI**.

AGENDA ITEM 2

COMPARATIVE REVIEW OF CPI-IW vis-à-vis CPI-U (MoSPI)

RATIONALE FOR SEPARATE COMPILATION (2/6)

DIFFERENCE IN TARGET POPULATION

- **TARGET POPULATION**
 - CPI-IW covers working-class families in seven sectors.
 - CPI-U covers all urban households
- CPI-IW represent worker families; whereas CPI-U has **low representation** of wage worker households (Salaried or Casual Labour).



MAJOR DIFFERENCES

Dimension	CPI-IW	CPI-U
Primary Purpose	Wage indexation	Inflation measurement
Target Population	Working Class Families in seven sectors	Entire urban population
Geographic Coverage	88 industrial centres (2016 series) covering 28 States	Urban Areas of all States/UTs
Organized/Unorganized sector	Focused on organised sector workers	Both organised and unorganised sector households
Underlying Weight Survey	WCFIES (Working Class Family Income & Expenditure Survey)	HCES (Household Consumption Expenditure Survey)
Unit of Analysis	Family	Household
Price Collection Markets	Markets popular among Working Class Families.	Markets allotted by town size, covering different income segments.

RATIONALE FOR SEPARATE COMPILATION (3/6)

COVERAGE RESTRICTED TO ORGANISED SECTOR WORKERS

- CPI-IW coverage restricted to in organized sector.
- CPI-U covers both organized and unorganized sector worker households.
- The **rationale** for the **restrictive coverage** of only organized sector in CPI-IW is grounded in the **ILO Resolution on Consumer Price Indices** (17th ICLS, 2003).

"If the primary use of the CPI is for adjusting money incomes, a relevant group of households, such as wage and salary earners, may be the appropriate target population"

- Since CPI-IW used for adjusting DA paid to **Central and State Government employees and public sector workers**, along **Minimum Wages** in Scheduled Employments, its **appropriate target population** should also comprise of **organized sector workforce** rather than general urban population.

➡ RATIONALE FOR SEPARATE COMPILATION (4/6)

DIFFERENT GEOGRAPHIC COVERAGE

- CPI-IW covers selected centres chosen for **industrial importance** and **working-class population concentration**, finalised with State Governments.
- CPI-U draws on NSSO's Urban Frame Survey (UFS) providing **all-India urban coverage** via stratified multi-stage sampling. This sample is **independent of industrial concentration**.
- Neither frame can be a **substitute** for the other.
- Compiling a single index from either frame would **compromise** the other's **ability to fulfil its intended purpose**; reinforcing the case for separate compilation

➡ POINTS FOR DISCUSSION/DECISION

- Views of the IRC on the overlaps between the CPI-IW and CPI-U
- Need for purpose specific CPI Numbers
- Relevance of the CPI IW for wage indexation purpose

➡ RATIONALE FOR SEPARATE COMPILATION (5/6)

UPDATION OVERSEEN BY STANDING TRIPARTITE COMMITTEE (STC)

- CPI-IW has a unique tripartite governance character.
- Standing Tripartite Committee (STC) comprises of representatives of:
 - Trade Unions,
 - Employers' Organisations,
 - Central & State Government Departments, and
 - Women's Organisations.
- The STC is mandated to **advise** on issues pertaining to **base updation exercise** and to **widen consultation base with stakeholders**.
- This tripartite validation makes CPI-IW the only price index in India whose institutional design embodies the **ILO's foundational principle of social dialogue**.

AGENDA ITEM 3

STRUCTURE OF THE COMMITTEE'S REPORT

➡ RATIONALE FOR SEPARATE COMPILATION (6/6)

STATE-LEVEL CONSULTATION

- CPI-IW's strength rests on robust state-level consultation machinery.
- Central series operates in tandem with state-maintained series.
- Strong state coordination leads to significant economies in field operations .
- Leverages existing state government price-collection infrastructure

➡ PROPOSED STRUCTURE OF THE REPORT

For consideration and approval of the Committee

Chapter	Title	Brief Coverage
1	Introduction	Background; Earlier Index Review Committees; Proceedings of the Committee; and the Scheme of the Report.
2	Consumer Price Index for Industrial Workers	Background; Scope and Coverage; the Working Class Family Income & Expenditure Survey; Price Collection Machinery; Index Compilation Methodology of CPI-IW; Recommendations of IRC.
3	Consumer Price Index for Agricultural and Rural Labourers	Background; Scope and Coverage; Determination of Sample Size and Sample Villages; Price Collection Machinery; Index Compilation Methodology of CPI-AL-RL; Recommendations of IRC.
4	Field Visits & Users' Interaction	Findings from Field Visits and Interaction with Users of CPI-IW and CPI-AL-RL.
5	Comparison of Consumer Price Indices compiled by Labour Bureau and MoSPI	Comparison of CPI-IW with CPI-U; and of CPI-AL-RL with CPI-R. Viewpoint and Recommendations of IRC.
6	Summary of Recommendations	The Committee's Consolidated Recommendations.

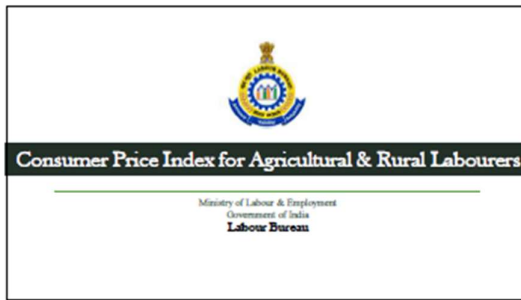
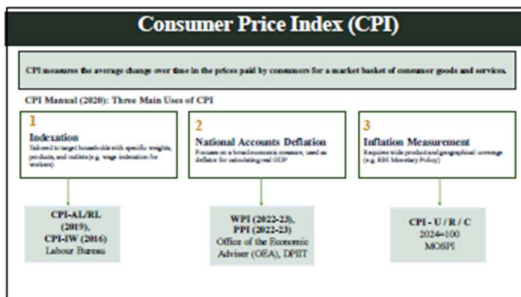


Table of Contents

S.No.	Title
1	Introduction – Consumer Price Index
	Consumer Price Index – Agricultural Labourers and Rural Labourers (CPI – AL & RL)
2	Existing Series – Base Year : 2019 = 100
3	CPI AL, RL vis-à-vis CPI – R



Evolution of CPI – AL & RL

Sept 1964
Nov 1995
June 2025
Ongoing

Base Year	1960-61=100	1986-87=100	2019=100	Ongoing Base Year Revision
Coverage	CPI – AL Covered 422 villages spread across 15 States/UTs.	CPI – AL & RL Covered 600 villages spread across 20 States/UTs.	CPI – AL & RL Covered 787 villages across 34 States/UTs.	-
Items	~ 27-41 items at state level	~ 65-106 items at state level	~ 150-200 items at state level	-
Weights	Second Agricultural Labour Enquiry (1956-57)	ICES 1983	ICES 2011-12	-

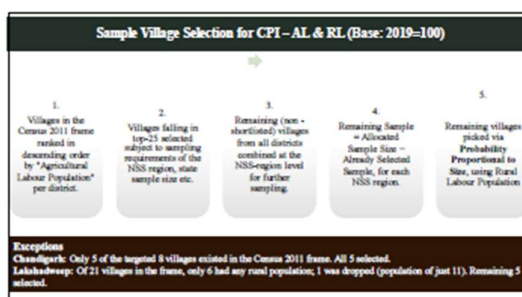
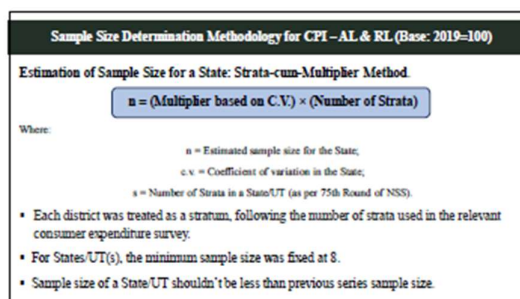
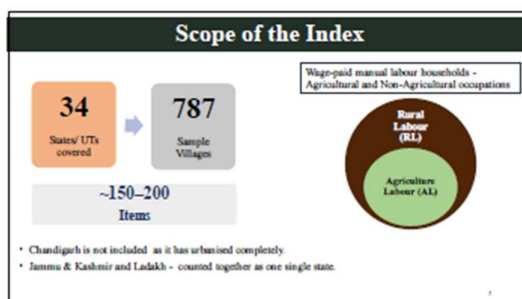
The Target Population: A Distinct and Non-Substitutable Reference Group

Agriculture Labour household	Agriculture labour households are a subset of rural labour households whose major source of income during the last 365 days is derived from agricultural activities, through regular wage/labour employment or casual labour.
Agriculture Labour	A person is treated as agriculture labour if he/she follows one or more of the following agricultural operations in the capacity of labourer on hire or in exchange, whether paid wholly in cash or kind or partly in cash and partly in kind: a. farming including cultivation and tillage of the soil, etc., b. dairy farming, c. production, cultivation, growing and harvesting of any horticultural commodity, d. rearing of livestock, beekeeping or poultry farming, and e. any practice performed on a farm as incidental to or in conjunction with farm operations (including any forestry or timbering operations) and the preparation for market and delivery to storage or to market or to cartage for transportation to market of farm produce.
Rural Labour household	Those rural households whose major income from economic activities during the last 365 days is derived from either regular wage/labour employment or employment as casual labour.
Rural Labour	Rural labour is manual labour living in rural areas and working in agricultural and/or non-agricultural occupations in return for wages paid either in cash or kind.

Self Employment is not a part of target population for CPI – AL/RL.

CPI – AL & RL

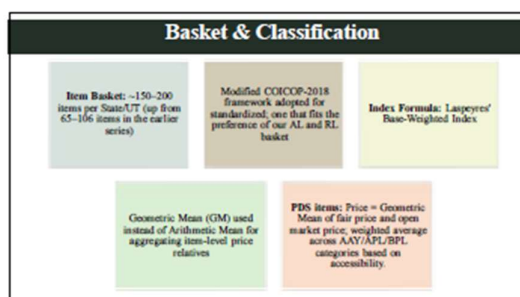
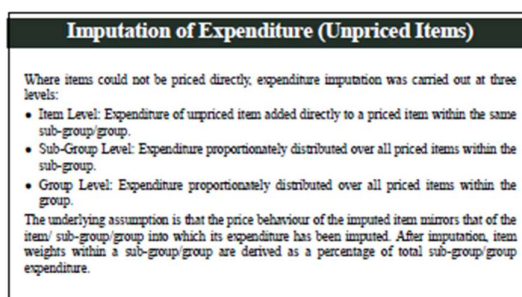
Base Year 2019 = 100

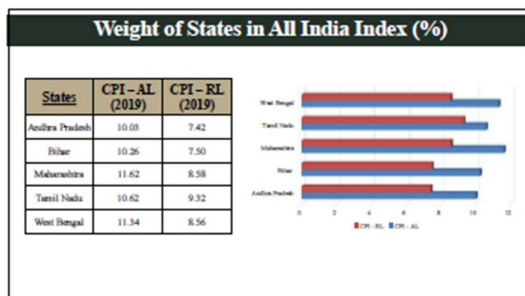


Weighting Diagram - Group and Sub-Group Structure

GROUPS	CPI - AL	CPI - RL
Food and Non-Alcoholic Beverages	57.86	56.61
Proteinaceous and Other Ingredients	4.29	4.12
Fuel and Light	6.69	6.49
Clothing and Footwear	7.25	7.29
Miscellaneous	21.99	22.49

Str 30s: Food & Non-Alcoholic Beverages - Sub-Groups	Str 30s: Miscellaneous - Sub-Groups
1. Cereals & Products	1. Education
2. Pulses & Its Products	2. Personal Care & Hygiene
3. Oils & Its Products	3. Household Durables & Services
4. Sugar & Confectionery	4. Transport & Communication
5. Meat & Poultry	
6. Other, Misc & Eggs	





Index Compilation Process

Indices are compiled separately for each of the 34 States/UTs at General level as well as at Sub-Group/Group level for both CPI-AL and CPI-RL.

Step	Level	Formula / Description
1	Village Price Relative (VPR) of an item	$\text{VPR} = (\text{Current Price} / \text{Base Price}) \times 100$
2	PS of an item	Geometric Mean of VPR for all the villages
3	Sub-Group Index (SGI)	Geometric Mean of price relatives of all items in the sub-group
4	Group Index (GI)	$\text{GI} = \sum (\text{SGI} \times \text{Sub-Group Weight}) / 100$
5	State Index	$\text{SI} = \sum (\text{GI} \times \text{Group Weight}) / 100$ [Laspeyres' base-weighted formula: $\text{SI} = (\sum (P_n/P_0)Q_0) / (\sum P_0Q_0) \times 100$]
6	All-India Index	Weighted Mean of 34 State indices, weights = estimated consumption expenditure of rural/agricultural labour households in each State as proportion of All-India total

Notation: In = Index Number, P_n = Current Period Price, P₀ = Base Period Price, Q₀ = Base Period Quantity.

Price Collection Mechanism

Linking Factor

To maintain continuity with the 1986-87 series, linking factors for the General Index and Food Index have been computed for All-India and each State as the ratio of average indices of the old and new series over the latest 12 months preceding release, enabling conversion between the two series.

Table 7: Linking Factors

Group	Linking Factor — AL	Linking Factor — RL
Food and Non-Alcoholic Beverages	9.1	9.13
Paan, Tobacco and Intoxicants	16.45	16.65
Fuel and Light	11.43	11.25
Clothing and Footwear	9.3	9.7
Miscellaneous	10.25	10.28
All India (General Index)	9.69	9.78

Uses of CPI- AL/RL

1. Revision of Wages Periodic revision of minimum wages for agricultural occupations.	2. VB – GRAM G Wage Revision State-wise revision of wages for manual labour under VB-G RAM G.	3. PMPOSHAN (M4-Day Meal) Revision of cooking cost periodically under the PM Poshan Ashirvaad (formerly Mid-Day Meal Scheme).	4. MSP Determination (CACPI) Computes the Composite Input Price Index while projecting Minimum Support Prices (MSP) for crops.	5. RBI Monetary Policy Uses rural wage and price data to assess agricultural and rural distress for monetary policy decisions.
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Also widely used by researchers, academic institutions and policymakers for studying rural inflation and consumption patterns.

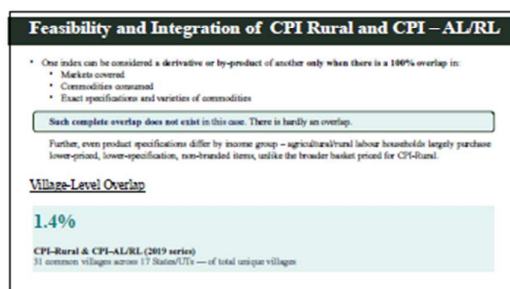
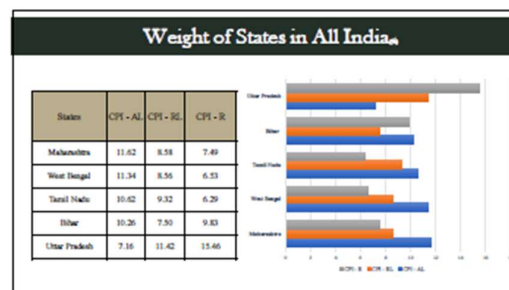
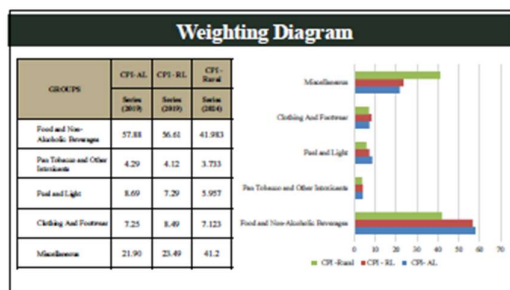
CPI – AL & RL vis-à-vis CPI - R

Target population

CPI-AL/RL	CPI-R
- Target population: wage-paid manual labour households only - regular wage/valaried (agri/non-agri), - casual labour (agri/non-agri). - From total 59,683 rural households: - Estimated AL households = 9.79% - Estimated RL households = 30.63% - Objective: wage indexation — Revision of Wages, VB-G RAM G wage revision, PM-POSHAN cooking cost, MSP Determination (CACPI), RBI Monetary Policy	- Target population: entire rural population - all household categories (as per HCES 2023-24): - self-employed (agri/non-agri) – 54.71% - regular wage/valaried – 14.86% - casual labour – 30.43% - Objective: general measurement of rural cost of living / inflation

* No single index can serve all purposes equally well, and different indices may be needed for different analytical or policy uses. (IMP - CPI Manual 2020)

* Caution may use a CPI computed for the poorest households to set and adjust minimum wages as they are the most affected- given their food prices rise faster than average prices (ILO Minimum Wage Policy Guide, 2016, Ch. 5)



THANK YOU

Annexure VII

फाइल संख्या/File No.:76/11/2026-CU (Comp. No. 3483)
भारत सरकार / Government of India
श्रम एवं रोजगार मंत्रालय/ Ministry of Labour & Employment
श्रम ब्यूरो/ Labour Bureau

श्रम ब्यूरो भवन/Shram Bureau Bhawan
संस्थागत क्षेत्र/Institutional Area
सेक्टर-38 वेस्ट/Sector 38 West
चंडीगढ़/Chandigarh-36
दिनांक/Dated: 21.09.2026

NOTE

Subject: Minutes of the fourth meeting and amended minutes of the third meeting of the Index Review Committee constituted for updation of the base year of CPI (IW) and CPI (AL/RL).

The Minutes of the fourth meeting and amended minutes of the third meeting of the Index Review Committee (IRC) for updation of the base year of CPI -IW and CPI -AL/RL, held under the chairmanship of Prof. Arup Mitra at Labour Bureau, Chandigarh are forwarded herewith for your kind information.



(Dr. Gaurav Bhatia, I.E.S.)
Director

Distribution:

Chairman and all Members of the Index Review Committee (IRC).

Copy to:

1. PPS to Director General, Labour Bureau, Chandigarh.
2. PS to DDG (VS) / DDG (AKS), Labour Bureau, Chandigarh.
3. Secretariat (Index Review Committee), Labour Bureau, Chandigarh.

Minutes of the Third Meeting of the Index Review Committee (IRC)

Date: 14.09.2026

Venue: South Asian University, New Delhi

1. The Third meeting of the Index Review Committee (IRC) was held on 14th September, 2026 at the South Asian University, New Delhi, under the chairmanship of Professor Arup Mitra. The list of participants is placed at **Annexure-I**.
2. The Chairman welcomed all the members and informed that the agenda for the meeting was to discuss the draft report of the Index Review Committee.
3. Meeting began with approval of the minutes of the Second meeting of IRC by the members. Following it, detailed deliberations were held regarding the draft report of IRC. Summary of discussions/suggestions/observations made during the meeting are as follows:
 - Prof. Dibyendu Maiti, Delhi School of Economics suggested that the sub-group-level weighing diagram for the Miscellaneous Group be incorporated in the report. He further suggested that a separate section be included in the report indicating international practices relating to the compilation of separate indices for separate purposes. He also suggested that the inflation trend shown for CPI-IW should be supplemented by disaggregated group-level trend.
 - Dr. Rose Mary K Abraham, Adviser, Department of Economic Affairs suggested that a snapshot / summary table bringing out the difference between the consumer price indices compiled by the Labour Bureau and those compiled by MoSPI be included so that the difference between the series is made clear at a glance. She also suggested that the time difference between the base year revision and the actual release of series be minimized.
 - Shri Alok Chandra, PLEA, Labour Bureau suggested that the relevant supporting documents should be added as an Annexure to the report. There was also a discussion on inclusion of gig and platform workers in CPI-IW. In this context, PLEA clarified that the gig and platform workers fall outside the traditional employer-employee relationship, and therefore may not fall under the purview of present scope and mandate of CPI-IW.
 - Tmt. Sherina, JD, DES, Tamil Nadu, suggested that due consideration be given to the treatment of welfare items during the compilation of index, particularly

items made available at different subsidised or free rates for the different slabs/units of consumption, such as electricity.

- Shri Kanishk Madhukar Kamble, representative of Govt. of Maharashtra held that that a single CPI does not adequately represent inflation pertaining to different income segments. Hence, separate indices should be compiled to reflect the inflation pertaining to different income segments.
- Dr. Harish Anand, representative of FICCI, and Shri Anish Mishra, General Secretary, BMS supported the draft report of IRC. Dr. Harish Anand, further suggested that efforts to further strengthen data accuracy be continued.

4. The Committee decided that the next (fourth) meeting of the IRC be held on 19 September 2026.

The meeting ended with a vote of thanks to all participants.

Annexure-I List of Participants

S.N.	Name	Designation
A. Index Review Committee		
1.	Prof. Arup Mitra	Faculty of Economics, South Asian University
2.	Shri Alok Chandra	PLEA, MoLE
3.	Shri S.S. Negi	DGLB, Labour Bureau
4.	Dr. Rose Mary K Abraham	Adviser, Department of Economic Affairs
5.	Prof. Dibyendu Maiti	Delhi School of Economics University of Delhi
6.	Shri Anish Mishra	General Secretary, BMS
7.	Dr. Harish Anand	FICCI
8.	Tmt. Sherina	Joint Director, DES Tamil Nadu
9.	Shri Kanishk Madhukar Kamble	OSD, Labour Commissioner Maharashtra
10.	Shri Virender Singh	DDG, Labour Bureau
		Member-Secretary

Representatives from MoSPI, Department of Rural Development, and Department of Consumer Affairs did not attend the meeting

B. Labour Bureau

1.	Shri Anil Kumar Sharma	DDG, Labour Bureau
2.	Dr. Gaurav Bhatia	Director, Labour Bureau
3.	Ms. Chitra Ahlawat	Deputy Director, Labour Bureau
4.	Shri Rakesh Vaid	Deputy Director, Labour Bureau
5.	Shri Shiv Raj Meghwal	Investigator Grade-I, Labour Bureau
6.	Ms. Shivani Singh Soni	Investigator Grade-I, Labour Bureau
8.	Ms. Meghna	Young Professional, Labour Bureau
11.	Ms. Urvi Gautam	Young Professional, Labour Bureau

Annexure VIII

Minutes of the Fourth Meeting of the Index Review Committee (IRC)

Date: 19.09.2026

Venue: Conference Hall, Labour Bureau Chandigarh

1. The Fourth meeting of the Index Review Committee (IRC) was held on 19th September, 2026 at the Conference Hall, Labour Bureau Chandigarh, under the chairmanship of Professor Arup Mitra. The list of participants is placed at Annexure-I.
2. The Director General (DG), Labour Bureau, welcomed all the members and informed that the suggestions and observations made during the Third meeting of the IRC had been duly incorporated in the draft report. The minutes of the Third meeting, which had already been circulated among the members, were taken up for confirmation.
3. Prof. Mitra, Chairman, welcomed all the members to the meeting. He informed the members that the agenda of the meeting was to discuss the draft of the IRC Report and requested all members to offer constructive suggestions towards its finalisation. He further informed that this would be the last meeting of the Committee.
4. Shri Kanishk Madhukar Kamble, representative of Govt. of Maharashtra, sought a clarification with regard to his comment recorded in the minutes of the Third meeting. He clarified that what he had intended to convey was that a single CPI does not adequately represent inflation pertaining to different income segments. Hence, separate indices should be compiled to reflect the inflation pertaining to different income segments. In this context, Shri Amit Ray, Senior Economic Advisor, Department of Consumer Affairs commented that the feasibility of this will have to be assessed as this will make measuring retail inflation more complex.
5. The amendment as suggested by Shri Kanishk Madhukar Kamble is reflected in the revised minutes of third meeting. With this amendment, minutes of the

third meeting of IRC were taken as approved. Thereafter, paragraph-wise discussion on the draft report was held. Summary of discussions/suggestions/observations made during the meeting are as follows:

- i. Shri Alok Chandra, PLEA, Labour Bureau suggested that footnotes be added, along with the URLs of the various reports referred to in the report.
- ii. Prof. Dibyendu Maiti, Delhi School of Economics, suggested that a paragraph be added at the end of Section 1.4 of the report, summarising the major recommendations of the Index Review Committee. He also suggested that the report should duly reflect that there is a difference in the prices paid by industrial workers for the goods, as the industrial workers generally consume smaller quantity/units of goods in comparison to the rest of the urban population.
- iii. Shri Amit Ray, Senior Economic Advisor, Department of Consumer Affairs suggested that PDS items carry considerable weight in the CPI basket, and due care should accordingly be given in respect of their treatment in the methodology and that, in the case of online/e-commerce items, due regard should be given to product differentiation.
- iv. Shri Kanishk Madhukar Kamble, representative of Govt. of Maharashtra highlighted that CPI(IW) is highly important because it directly determines workers' wages and Dearness Allowance (DA). Statistical bodies like MoSPI or state DES merely collect data and lack any legal enforcement mechanisms to resolve wage discrepancies or grievances. In contrast, under the Minimum Wages Act, only Labour Commissioners possess quasi-judicial powers to act as civil courts, hear union complaints, and issue binding legal rulings. Therefore, replacement of CPI-IW will compromise its operational sensitivity required to protect workers' rights.
- v. Tmt. Sherina DES Govt of Tamil Nadu recommended that the concept of hedonic pricing be explored for CPI-IW.
- vi. Dr. Harish Anand, representative of FICCI, supported the draft report of IRC.

- vii. The suggestions and comments made during the meeting were duly incorporated in the report. The final report after incorporating these amendments was endorsed and approved by the IRC.

The meeting ended with a vote of thanks to all participants.

Annexure-I List of Participants

S.N.	Name	Designation	
A. Index Review Committee			
1.	Prof. Arup Mitra	Faculty of Economics, South Asian University	Chairman
2.	Shri Alok Chandra	PLEA, MoLE	Member
3.	Shri S.S. Negi	DGLB, Labour Bureau	Member
4.	Shri Virender Singh	DDG, Labour Bureau	Member-Secretary
5.	Dr. Rose Mary K Abraham	Adviser, Department of Economic Affairs	Member (through VC)
6.	Prof. Dibyendu Maiti	Delhi School of Economics, University of Delhi	Member
7.	Shri. Amit Ray	Senior Economic Advisor, Department of Consumer Affairs	Member (through VC)
8.	Dr. Harish Anand	FICCI	Member
9.	Tmt. Sherina	Joint Director, DES Tamil Nadu	Member (through VC)
10.	Shri Kanishk Madhukar Kamble	OSD, Labour Commissioner, Maharashtra	Member
Representatives from MoSPI, Department of Rural Development, and Bharatiya Mazdoor Sangh did not attend the meeting.			
B. Labour Bureau			
1.	Shri Anil Kumar Sharma	DDG, Labour Bureau	
2.	Dr. Gaurav Bhatia	Director, Labour Bureau	
3.	Ms. Chitra Ahlawat	Deputy Director, Labour Bureau	

4.	Shri Shiv Raj Meghwal	Investigator Grade-I, Labour Bureau
5.	Ms. Shivani Singh Soni	Investigator Grade-I, Labour Bureau
6.	Shri Sanjay Kumar	Investigator Grade-II, Labour Bureau
7.	Ms. Mohini Saini	Investigator Grade-I, Labour Bureau
7.	Ms. Meghna Jaglan	Young Professional, Labour Bureau
8.	Ms. Urvi Gautam	Young Professional, Labour Bureau
9.	Mr. Ashish Thakur	Young Professional, Labour Bureau

Annexure IX

State-wise List of Centre in CPI-IW (2016=100) series

Sr. No	State	Centre
1	ANDHRA PRADESH	Guntur
		Nellore
		Visakhapatnam
2	ASSAM	Biswanath-Chariali
		Doom-Dooma Tinsukia
		Guwahati
		Labac-Silchar
		Numaligarh-Golaghat
		Sibsagar
3	BIHAR	Munger-Jamalpur
		Patna
4	CHANDIGARH(UT)	Chandigarh
5	CHHATTISGARH	Bhilai
		Korba
		Raipur
6	DADRA & NAGAR HAVELI(UT)	Dadra & Nagar Haveli
7	DELHI (NCT)	Delhi
8	GOA	Goa
9	GUJARAT	Ahmedabad
		Bhavnagar
		Rajkot
		Surat
		Vadodara
10	HARYANA	Faridabad
		Gurugram
		Yamunanagar
11	HIMACHAL PRADESH	Himachal Pradesh
12	JAMMU & KASHMIR	Jammu & Kashmir
13	JHARKHAND	Bokaro
		Dhanbad-Jharia
		Jamshedpur
		Ramgarh
14	KARNATAKA	Belgaum
		Bengaluru
		Chikmagalur
		Davanagere
		Hubli-Dharwad
		Mercara-Kodagu
		Mysore
15	KERALA	Ernakulam/Alwaye
		Idukki

		Kollam
16	MADHYA PRADESH	Bhopal
		Chhindwara
		Indore
		Jabalpur
17	MAHARASHTRA	Mumbai
		Nagpur
		Nasik
		Pune
		Solapur
		Thane
18	MEGHALAYA	Shillong
19	ODISHA	Angul-Talchar
		Cuttack
		Keonjhar
20	PUDUCHERRY(UT)	Puducherry
21	PUNJAB	Amritsar
		Jalandhar
		Ludhiana
		Sangrur
22	RAJASTHAN	Alwar
		Bhilwara
		Jaipur
23	TAMIL NADU	Chennai
		Coimbatore
		Coonoor
		Madurai
		Salem
		Tirunelveli
		Virudhu Nagar
24	TELANGANA	Hyderabad
		Mancheriyal
		Warangal
25	TRIPURA	Tripura
26	UTTAR PRADESH	Agra
		Ghaziabad/G.B. Nagar
		Kanpur
		Lucknow
		Varanasi
27	UTTARAKHAND	Udham Singh Nagar
28	WEST BENGAL	Darjeeling
		Durgapur
		Haldia
		Howrah
		Jalpaiguri
		Kolkata
		Raniganj

Annexure X

This Annexure compiles the statistical tables referred to Consumer Price Index for Agricultural Labourers and Rural Labourers.

Table A.1: Distribution of Sample Villages under the different series

State / UT	CPI – AL (1960-61=100)	CPI – AL/RL (1986-87=100)	CPI – AL/RL (2019=100)
Andaman & Nicobar Islands	—	—	7
Andhra Pradesh	34	54	26
Arunachal Pradesh	—	—	8
Assam	18*	27	27
Bihar	40	39	38
Chhattisgarh	—	—	27
Dadra & Nagar Haveli and Daman & Diu	—	—	16
Goa	—	—	8
Gujarat	16	30	39
Haryana	-	12	21
Himachal Pradesh	-	9	12
Jammu & Kashmir	46	21	22
Jharkhand	—	—	24
Karnataka	20	36	45
Kerala	16	21	21
Lakshadweep	—	—	5
Madhya Pradesh	38	69	50
Maharashtra	32	54	50
Manipur	-	9	14
Meghalaya	-	9	11
Mizoram	—	—	8
Nagaland	—	—	8
NCT of Delhi	-	—	8
Odisha / Orissa	20	33	30
Puducherry	—	—	8
Punjab	18*	15	22
Rajasthan	18	21	33
Sikkim	—	—	8
Tamil Nadu	28	33	31
Telangana	—	—	30
Tripura	-	9	10
Uttar Pradesh	52	60	71
Uttarakhand	—	—	13
West Bengal	26	39	36
All-India Total	422	600	787

Note: For CPI – AI (1960-61=100), the figures marked with * were reported under combined geographical groupings rather than individual states:

- **Assam (incl. Manipur, Meghalaya, Tripura):** 18 sample villages
- **Punjab (incl. Delhi, Haryana, Himachal Pradesh):** 18 sample villages

Table A.2: Sub-Group Weights (COICOP-2018-aligned), All-India, 2019=100 Series

Group / Sub-Group	CPI-AL (%)	CPI-RL (%)
Food and Non-Alcoholic Beverages Group	57.88	56.61
Cereals and Products	12.92	12.07
Pulses and Its Products	3.36	3.15
Milk and Its Products	5.59	6.29
Sugar and Confectionery	1.73	1.72
Oils and Fats	4.55	4.40
Meat, Fish and Eggs	5.87	5.52
Vegetables	8.02	7.52
Fruits	2.68	2.67
Spices	4.67	4.30
Non-Alcoholic Beverages	1.43	1.39
Prepared Meals, Snacks, Sweets etc.	7.04	7.56
Pan, Tobacco and Intoxicants	4.29	4.12
Fuel and Light	8.69	8.49
Clothing and Footwear Group	7.25	7.29
Clothing	6.33	6.30
Footwear	0.92	0.99
Miscellaneous Group	21.90	23.49
Education	2.05	2.48
Health	6.19	6.24
Recreation and Amusement	1.12	1.19

Group / Sub-Group	CPI-AL (%)	CPI-RL (%)
Personal Care and Effects	3.95	3.96
Household Goods and Services	3.64	3.67
Transport and Communication	4.95	5.95

Table A.3: Linking Factors, 2019=100 Series (vis-à-vis 1986-87=100 Series)

Group	Linking Factor — AL	Linking Factor — RL
Food and Non-Alcoholic Beverages	9.10	9.15
Pan, Tobacco and Intoxicants	16.45	16.65
Fuel and Light	11.43	11.25
Clothing and Footwear	9.30	9.70
Miscellaneous	10.25	10.28
All India (General Index)	9.69	9.78

Table A.4: Group-wise weights of CPI – Rural (Base Year 2024=100):

Group	Weight
Food and Beverages	44.801
Pan, Tobacco & Intoxicants	3.733
Clothing and footwear	7.123
Housing	5.527
Fuel and Light	5.957
Miscellaneous	32.858

section (1) of section 42;

- (f) “Chairperson” means the Chairperson of the Board;
- (g) “Code” means the Code on Wages, 2019 (29 of 2019);
- (h) “Committee” means a committee appointed by the Central Government under clause (a) of sub-section (1) of section 8;
- (i) “day” means a period of twenty-four hours beginning at mid-night;
- (j) “electronically” means any information submitted by email or maintained or displayed on the designated portal or mobile application or website or digital payment in any mode for the purposes of the Code;
- (k) “form” means the forms appended to these rules;
- (l) “geographical area” means the areas notified by the Central Government from time to time.
- (m) “highly skilled occupation” means an occupation which calls in its performance a specific level of perfection and required competence acquired through intensive technical or professional training or practical occupational experience for a considerable period and also requires of an employee to assume full responsibility for judgment or decision involved in the execution of such occupation;
- (n) “Inspector-cum-Facilitator” means a person appointed by the Central Government, under sub-section (1) of section 51;
- (o) “member” means a member of the Board;
- (p) “normal rate of wage” means wage as defined under clause (y) of section 2;
- (q) “registered trade union” means a trade union registered under the Industrial Relations Code, 2020 (35 of 2020);
- (r) “section” means a section of the Code;
- (s) “semi-skilled occupation” means an occupation which in its performance requires the application of skill gained by the experience on job which is capable of being applied under the supervision or guidance of a skilled employee and includes supervision over the unskilled occupation;
- (t) “skilled occupation” means an occupation which involves skill and competence in its performance through experience on the job or through training as an apprentice in a technical or vocational institute and the performance of which calls for initiating and judgment;
- (u) “unskilled occupation” means an occupation which in its performance requires the application of simply the operating experience and involves no further skills.

(2) Words and expressions used in these rules but not defined herein, shall have the meanings respectively assigned to them under the Code.

CHAPTER II

MINIMUM WAGES

3. Manner of calculating minimum rate of wages.—(1) For the purposes of sub-section (5) of section 6, the minimum rate of wages shall be fixed by the day basis keeping in view the criteria which shall be separately specified by the Central Government by special or general order:

Provided that the Central Government shall not fix the minimum wages of the Central Government employees under this Code.

(2) Where the rate of wages for a day is fixed, such amount shall be divided by eight for fixing the rate of wages for an hour and multiplied by twenty six for fixing the rate of wages for a month and in such

division and multiplication the factors of one-half and more than one-half shall be rounded as next figure and the factors less than one-half shall be ignored.

(3) In case there is less than six days working week, the hourly rate of minimum wages so calculated shall be used to derive the minimum wages for the day.

4. Interval for revision of variable dearness allowance.— The cost of living allowance and the cash value of the concession in respect of essential commodities at concession rate shall be computed once before 1st April and then before 1st October in every year to revise the variable dearness allowance payable to the employees on the minimum wages considering the Average Consumer Price Index Number for Industrial Workers published by the Labour Bureau, Ministry of Labour and Employment, Government of India.

5. Hours of work for normal working day.— (1) The number of hours of work which shall constitute normal working day for an employee whose wage period is on a daily basis shall be eight hours and interval for rest shall be in accordance with notification issued in this regard under Occupational Safety, Health and Working Conditions Code, 2020 (37 of 2020).

(2) The number of hours of work which shall constitute a normal working day for an employee whose wage period is other than on a daily basis shall be so fixed that the total number of weekly working hours shall not exceed forty-eight hours.

6. Weekly day of rest.— (1) Subject to the provisions of this rule, an employee shall be allowed rest for one day in every week (hereinafter referred to as “the rest day”), in case of six-day working week which shall ordinarily be a Sunday and in case of less than six-days working week, the rest day shall include Saturday and Sunday, however, the employer may fix any other day of the week as the rest day for any employee or class of employees:

Provided that in a six-days working week or less than six days working week, as the case may be, the remaining days of the week shall be paid rest days for such employees:

Provided further that an employee shall be entitled for the rest day under this sub-rule, if he has worked under the same employer in case of six-days working week for a continuous period of not less than six days and in case of less than six-days working week for a continuous period of the stipulated number of working days, as the case may be:

Provided also that the employee shall be informed of the day fixed as the rest day and of any subsequent change in the rest day before the change is effected, by display of a notice to that effect at a conspicuous place in the place of employment or electronically.

Explanation.— For the purpose of computation of the continuous period of not less than six days or the stipulated number of days worked in a week specified in the second proviso to this sub-rule,

- (a) any day on which an employee is required to attend for work but is given only an allowance for attendance and is not provided with work;
- (b) any day on which an employee is laid off on payment of compensation under the Industrial Relations Code, 2020 (35 of 2020), and;
- (c) any leave or holiday, with or without pay, granted by the employer to an employee in the period of six days or during the stipulated number of working days of a week, as the case may

Annexure XII

Group/Sub-group wise weights of CPI-IW and CPI-U

Group	CPI-U (2012)	CPI-IW (2016)
Food & Beverages	36.29	39.20
<i>Cereals and Products</i>	6.59	6.67
<i>Pulses and Products</i>	1.73	2.52
<i>Milk and Milk Products</i>	5.33	5.19
<i>Meat & Fish</i>	2.73	3.17
<i>Egg</i>	0.36	0.49
<i>Oils and Fats</i>	2.81	2.44
<i>Fruits Fresh & Dry</i>	2.90	2.74
<i>Vegetables</i>	4.41	4.79
<i>Sugar and Confectionery</i>	0.97	0.80
<i>Salt & Spices</i>	1.79	2.08
<i>Non-Alcoholic Beverages</i>	1.13	1.45
<i>Served & Packaged Processed Food</i>	5.54	6.86
Pan, Tobacco & Intoxicants	1.36	1.80
Clothing & Footwear	5.57	5.94
<i>Clothing</i>	4.72	5.10
<i>Footwear</i>	0.85	0.84
Housing	21.67	17.75
Fuel & Light	5.58	5.49
Miscellaneous	29.53	29.81
<i>Household Goods & Services</i>	3.87	4.14
<i>Health</i>	4.81	4.69
<i>Transport & Communication</i>	9.73	9.67
<i>Recreation & Entertainment</i>	2.04	1.84
<i>Education</i>	5.62	7.31
<i>Personal Care & Effects</i>	3.47	2.16