

GOVERNMENT OF INDIA
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

RAJYA SABHA
UNSTARRED QUESTION NO.3669
TO BE ANSWERED ON 04.04.2022

USING OF OBSOLETE ITEMS FOR COMPUTING INFLATION OF CPI BASKET

3669. SHRI TIRUCHI SIVA:
Dr. FAUZIA KHAN:

Will the Minister of STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state:

- (a) whether it is a fact that obsolete items such as VCRs are still used to compute inflation of the CPI basket and that such defunct items comprise about 10-12 per cent of the CPI basket;
- (b) if so, the reasons the basket have not been updated to reflect changed consumption patterns;
- (c) the reasons why the Consumer Expenditure Survey of 2017-18 was rejected by Government in 2019, and what deadlines has Government set to conduct the ones which were delayed in 2020 and 2021; and
- (d) whether as a result, CPI figures are not accurate and, if so, measures taken to rectify this anomaly?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION, MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS [RAO INDERJIT SINGH]

(a), (b) and (d): Consumer Price Indices (CPI) measure changes over time in general level of prices for a fixed basket of goods and services that households acquire for the purpose of consumption. The Price data for CPI, compiled by NSO, is collected from 1114 urban and 1181 Rural Markets from all states and UTs every month. The specifications (including quality, variety, size, composition, brand, unit, quantity etc.) of items are fixed market wise on the basis of popular consumption behaviour of local consumers and therefore not liable for generalization. VCR comes under the item head VCR/VCD/DVD player in the item basket for CPI series. For this the all India level weight is only 0.005794 out of total weight of 100.

The present CPI series is calculated based on Base 2012=100 where the item basket and corresponding weights are derived from the Consumer Expenditure Survey data of 68th Round of NSS conducted in 2011-12. Any partial or adhoc change in basket or weights is neither theoretically suggested nor practically feasible which is in line with the methodology internationally followed.

(c): This Ministry has carried out an All-India survey on Household Consumer Expenditure during NSS 75th round (July 2017- June 2018). The Ministry has followed a rigorous procedure

for vetting of data and reports which are produced through surveys. The results of this survey were examined and it was observed that there was a significant variation in the levels in the consumption pattern as well as in the direction of the change while comparing with other administrative data sources. The matter was also referred to a Committee of Experts which has recommended refining the survey methodology and improving the data quality aspects on a concurrent basis and it was decided that the results of CES 2017-2018 would not be released. As the period 2020 & 2021 was not considered to be a normal one due to the COVID-19 pandemic, the Consumer Expenditure Survey was not taken up.
