

ALL INDIA BSNL PENSIONERS' WELFARE ASSOCIATION
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Date: 28/10/2020

Shri Santosh Kumar Gangwar,
Hon. Minister of State,
Ministry of Labour & Employment,
Shram Shakti Bhawan,
Rafi Marg,
New Delhi-110001
molegangwar@yahoo.com

Sir,

Sub: Change of Base year from 2001 to 2016 for CPI (IW)

The Government has announced the change of base year from 2001 to 2016 for compilation of CPI (IW) on 22/10/2020.

We urge upon the Government to review the decision because of the following reasons.

According to government sources, the revision is required because the consumption pattern is changing. Chadha committee (headed by Prof. G.K.Chadha) recommended for revision of base year once in 10 years. ILO guideline also recommends for change once in 10 years. But, now the Govt. has announced that it will be revised once in 5 years hereafter.

No proper consultation with stake-holders

- Govt. appointed a committee called "Technical Advisory Committee on Statistics of Prices & Cost of Living" with 21 members out of which only one was from Central TU (BMS).
- Govt. also constituted "Standing Tripartite Committee" with 18 members out of which two were from Central TU (BMS & INTUC)

- Change in base year has direct impact on DA & DR mainly on Central/State Govt. employees & pensioners and combined service optees retired from BSNL/MTNL (for whom pension is paid from central civil estimate) who account for nearly 5 crore and this section of stake-holders was not consulted.
- Our Association is the biggest pensioners' organization in Telecom representing nearly one lakh pensioners/family pensioners and our views were not heard.

Fallacy in compilation

- It is one of the prominent economic indicators which measures the relative changes in retail prices for a fixed set of goods and services consumed by an average working class family
- Though number of families surveyed increased from 41040 to 48384 it is less than 1% of total working class families in the centres surveyed. It does not reflect the reality?
- It is based on weighting diagram which broadly consists of six items viz. 1) Food & Beverage 2) Pan 3) Fuel & Light 4) Housing 5) Clothing & footwear 6) Miscellaneous (Each item will have sub-groups)
- Food item is the main component among the six groups and whenever the base year is changed points towards food is getting reduced. In this change it is reduced by 7.03 points compared to 2001 series whereas the points pertaining to miscellaneous is increased by 7.05 points. According to government's statistics in one year between August 2019 and August 2020 price of food items was increased by 22 points whereas the miscellaneous items were increased by only 4 points.
- As per the survey, one family member per day consumes less than 200ml of milk. Is it the correct reflection?
- Only consumption expenses are taken into account for weighting diagram but non-consumption expenses like Incometax & other taxes, Repayment of loan & interest, Insurance premium etc. are not taken into account
- The linking factor of 2016 series with 2001 is 2.88 which is unrealistic. When base year was changed from 1960 to 1982 (gap of 22 years) the linking factor was 4.93 and again when it was revised from 1982 to 2001 (gap of 19 years) the linking factor was 4.63.

These unscientific changes shall have cascading effects in future on neutralization of price increase affecting the DA/DR granted to employees and pensioners.

We request you, sir, to review and rescind the decision. We also request that proper scientific method may please be adopted in consultation with real stakeholders like Central/State Government employees and pensioners and pensioners organizations like ours.

Thanking you

Yours faithfully,



P. Gangadhara Rao, **
General Secretary.