



**KAMARAJ IAS ACADEMY**  
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# Consumer Price Index

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**Why is in news?** Consumer Price Index records a moderate increase in inflation

The government has said that the headline inflation based on the retail Consumer Price Index- CPI recorded a moderate increase from 6.71 per cent in July to 7 per cent in August, 2022.

Consumer Price Index or CPI is the **measure of changes in the price level of a basket of consumer goods and services bought by households.**

Considering the **WPI and CPI, the RBI will calculate the inflation** in the country.

It is **released by the National Statistical Office (NSO).**

The CPI calculates the difference in the price of commodities and services such as food, medical care, education, electronics etc, which Indian consumers buy for use.

The CPI has several sub-groups including food and beverages, fuel and light, housing and clothing, bedding and footwear.

Four types of CPI are as follows: (i) CPI for Industrial Workers (IW), (ii) CPI for Agricultural Labourer (AL), (iii) CPI for Rural Labourer (RL), (iv) CPI (Rural/Urban/Combined).

Of these, the **first three are compiled by the Labour Bureau** in the Ministry of Labour and Employment. **Fourth** is compiled by the NSO in the **Ministry of Statistics and Programme Implementation.**

Base Year for CPI is 2012 - Recently, the Ministry of Labour and Employment released the new series of Consumer Price Index for Industrial Worker (CPI-IW) with base year 2016.

The Monetary Policy Committee (MPC) uses CPI data to control inflation. In April 2014, the Reserve Bank of India (RBI) had adopted the CPI as its key measure of inflation.

**Kamaraj IAS Academy**

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthi Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**