

INTRODUCTION

Price for a commodity is essentially its power to command money in exchange for itself. The fundamental principle of price theory is that all prices are related to one another. The “prices of goods” that we come across in the market are of different types. Very important among them are the “wholesale” and the “retail” prices. When we look at the prices of typical items in the market, we refer to the general price level. Often, we are also interested in the prices of specific constituents such as, wages (price of labour services), interest rate (cost of borrowing and lending), exchange rate (prices of local currency in terms of foreign currencies), etc.,

The changes in the prices of goods and services affect different segments of the population, differently. As such, it is necessary to collect different sets of price data to understand the inter-temporal price movements in respect of different segments of the population. Further, the general price level is one of the important economic indicators that measure the aggregate performance of the National economy. It is for this reason that the general price level is always subjected to periodical analysis and monitoring, for which collection of price data of essential goods and services on a regular periodicity is an important pre-requisite. Moreover, the monetary and fiscal policies evolved at the level of the Union Government which are basically responsible for the strengthening of the national economy itself, are based upon the general price level, which normally tends to fluctuate from time to time. Though there are many causes attributable to this trend of the general price level, it is important to ensure that regular assessment and monitoring of the general price level are conducted without any break in its periodicity which is possible obviously by means of collection of price data of essential goods and services on a regular basis.

As of now, the three Central Government agencies involved in collection of price data of essential goods and services are namely, (i) the Labour Bureau, Ministry of Labour, (ii). Ministry of Micro, Small and Medium Enterprises (by the Economic Advisor) and (iii). Ministry of Statistics and Programme Implementation. The State Directorates of Economics and Statistics also collect price data for the compilation and release of various price indices.

The Consumer Price Index numbers which are to be actually looked upon as a measure of the current situation of the price level in relation to the past, is compiled by the Labour Bureau in two series, one relating to industrial workers and the other relating to agricultural labourers. Labour Bureau does not have a field agency of its own for collection of retail prices in construction of these indices. For the construction of consumer price index for industrial workers, the Labour Bureau depends for its price data on the state agencies which collect the retail price data from the markets. Almost, all important agricultural commodities being transacted in the economy have been included for the purpose of data collection under the Market Intelligence Scheme implemented by the Directorate of Economics and Statistics.

Representative basket items for the purpose of primary work is selected by conducting a market survey in each Centre. The retail and wholesale prices collected on weekly, monthly and yearly basis from selected markets are being used in the compilation of Consumer Price Index (Industrial Workers) and for the use of Reserve Bank of India. Further, to capture the periodical changes in the prices of agricultural commodities, season-wise price collection is also undertaken.