

PRESS RELEASE

ON NEW SERIES OF CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS 2016=100 AND ITS IMPACT ON DEARNESS ALLOWANCE AND DEARNESS RELIEF OF CENTRAL GOVERNMENT EMPLOYEES

The central government by introducing new series of consumer price index for industrial workers with 2016=100 base has caused serious erosion of wages by depriving them of justified full neutralisation. The central and state government employees and pensioners will be deprived of 100% neutralisation apart from losing the DA increased in January 2020 and July 2020 based on 2001=100.

The central government has introduced new series of consumer price index for industrial workers with base 2016=100 with releasing of September 2020 index of 118. Therefore the collection of price index on the basis of 2001=100 series will be henceforth stopped. With effect from September 2020 there will be only 2016=100 indices. If you want to continue your calculations based on 2001=100 series you can convert the 2016=100 index by multiplying it by 2.88 which is called Linking Factor. On the reverse if you divide 2001=100 index by 2.88 you will get 2016=100 index. This is because government has not released the 2016=100 indices for the months from January 2016 to August 2020.

The new series has been designed with a specific purpose of depressing the index not to reflect real price increase so that the government employees and private employees are deprived of real full neutralisation for increase in prices.

In selection of centres they have replaced costly cities with relatively less costlier cities. There were 78 centres of price collection. Now it is 88. They have dropped 13 retaining 65 and added 25 new centres. For example they have dropped Trichirappalli and added Virudhunagar and Tirunelveli rural towns. Vijayavada has been dropped and Nellore has been added.

Only consumption expenditure of 463 items have been taken as per the report. But we are not provided with the base price of these items so that we can assess the correctness of the price taken. The non consumption expenditures such as income tax, other direct taxes, charities and gifts, interest on debts, repayment of debts, litigation expenses have been omitted. As for as PDS items are concerned like wheat, rice and sugar the average of PDS price and market price will be taken. These are major items in the food basket thereby depressing the reflection of the real increase in the market. The base year is an abnormal year with demonetisation. Only normal year without abnormalities has to be taken as base year as per ILO norms.

Above all while arriving at the price index they have decided to use the Geometric average as against the Arithmetic average or mean used for 2001=100 series. The real intention to decelerate the index is revealed in the report when they say this method "IS LEAST INFLUENCED BY THE EXTREME VALUES." This is nothing but mismeasuring the price realities in order to serve the corporate masters and unduly depriving the government employees in central government and state governments of their justified real full neutralisation for the price increase for which they are not responsible. It is not out of context to reveal the fact that the Technical Advisory Committee on Statistics of Prices and Cost of Living (TACON SPCL) which directed the labour bureau to adopt geometric mean or average was having a member from BMS represented by its zonal organising secretary by name Sri Pawan Kumar.

The central government employees and many state government employees and pensioners are granted Dearness allowance and Dearness relief wef 1-1-2016 based on 2001=100 series. The 12 monthly average of indices in 2015 which was 261.4 is the basis. If 261.4 was 100 the increase as on January 2020 was 21%. They were getting 17% wef 1-7-2019. The central government has ordered that the further increase of 4% will not be paid and further increases on July 2020 which is another 3% taking the total to 24% and January 2021 will also not be paid and will continue to get 17% only until July 2021 when central government will decide the DA instalment of July 2021. No arrears will also be paid. The cruel intention to retain the DA/DR at the same 17% rate in July 2021 also has come to light now. This they calculated in advance when they decided to introduce new series of price index.

Though they have not published the 2016=100 series for all the months from January 2016 by reverse linking factor if we work out the 2016=100 series for 12 months ending December 2019 we get the 110.20% increase over 100 in January 2016. That is, as per 2016=100 series, the DA/DR as on 1st January 2020 would be 10% as against 21% as per 2001=100 series. As on 1st July, 2020 the percentage increase as per 2016=100 series works out to 113.39% over the base 100 in January 2016. That means the DA/DR as on 1st July would be 13% as against 24% based on 2001=100 series. It may be 16% or 17% as on 1st January 2021. Until July 2021 this will continue. As a result government employees and pensioners will become unentitled for any increase from January 2020 to June 2021.

It is not Corona that led them to decide not to pay the DA/DR from January 2020 to June 2021, it is the new depressive series that is the culprit.

We demand that this depressive series is scrapped and DA/DR paid based on the 2001=100 series for the entire 7th pay commission period until a new scientific realistic price index series is commenced.