

WAGE RATE INDEX SCHEME (2016=100)

Introduction:

The Central Technical Advisory Council on Statistics in its meeting held in December, 1961, recommended that the State Statistical Agencies should explore the possibility of bringing out up-to-date data on wage rates, as thrown up by Occupational Wage Survey, conducted by Labour Bureau and construct Wage Rate Indices at annual intervals in respect of industries covered under the Survey. The Occupational wage Surveys aim at providing data on employment, wage rates and earnings in selected manufacturing, mining and plantation industries. However, the review of the progress made in 1967 revealed that none of the states, except West Bengal, made any progress in this regard. The National Commission on Labour (1969) also stressed the need for similar indices. Keeping in view the pressing requirements for series of data on Wage Rates and Indices, the work relating to the construction of Wage Rate Indices was entrusted to Labour Bureau. The Bureau, therefore, took up the compilation of Wage Rate Index Numbers for workers in twelve manufacturing industries from 1969. Nine more industries (viz. three plantations, four mining and two manufacturing) were added to the list of industries for the compilation of these index numbers with effect from 1976. Thereafter, the Wage Rate Indices were being compiled for 21 industries (14 Manufacturing, 4 Mining and 3 Plantation industries) on base 1963-65 =100.

Base Updation of WRI:

The base year of Wage Rate Index numbers has been revised from 1963-65=100 to 2016=100 with enhanced coverage making index more representative. A total of 37 industries have been covered in the new WRI basket (2016=100) as against 21 industries in the 1963-65 =100 series. In the new series, the coverage has been increased to 37 industries comprising of 30 industries from manufacturing sector, 4 industries from mining sector and 3 industries from Plantation Sector. About 700 occupations have been covered under 37 selected industries in new series of WRI (2016= 100).

Concept:

Wage Rate Index numbers depicts movement of relative change experienced in the wage rates over a period of time. Wage Rate is generally defined as the price for working energy spent by a worker either during specified period of time or for a specified measure of performance. Wage Rate, therefore, includes only those components of earnings, which can be considered as reliable indicators of this price of working energy spent by a worker. In organized industrial sector in India, basic wage and dearness allowance, which is paid to compensate the loss in real wage due to inflation, are the two components of earnings, which reflect the Wage Rate. The other allowances such as house rent, medical allowances, shift allowance, bonus, gratuity, social security expenses, etc. are excluded from the definition of Wage Rate.

Coverage:

The selection of industries was based on the criteria of Employment, Wage patterns, Size of Employment in industrial units and importance of an industry in the national economy.

At present the Wage Rate Indices are being compiled for 37 industries (30 Manufacturing industries , 4 Mining industries and 3 Plantation industries) on base 2016=100.

In new WRI series with base 2016=100, the Manufacturing, Mining and Plantation sector have weights of 82.57 percent, 11.23 percent and 6.20 percent respectively.

Importance:

Labour Bureau is the only agency/Departments in the country, which is compiling and releasing data on Absolute Wage Rate, Wage Rate Indices and Real Wage Rate at Industry/Stratum level. There is no other agency, which is disseminating such valuable information.

Objectives:

The main objectives of this scheme is to collect, compile, disseminate and facilitate study and analysis of inter industry/intra-industry and stratum-wise variation and disparities in Wage Rate Index Numbers, Absolute Wage Rate and Real Wage Rate over a period of time.and then to study the disparity in Wage Rate Index, Absolute Wage Rate and Real Wage Rate, and publish the same in Indian labour Journal published by Labour Bureau.

Compilation:

For compiling Wage Rate Index Numbers, the requisite data on minimum and maximum wage rates, which is defined as basic wage plus dearness allowance, wherever paid separately, are being collected for the month of January & July every year. The indices are generated using the Laspeyre's formula, which is the ratio of the weighted average of wages of the current year to wages of the base year, employment in the base year as weights.

Users/ Beneficiaries:

Data collected under WRI Scheme are being regularly supplied to C.S.O and other Government and Non-Government organizations for formulating wage-related policy. The data are being used to reply various Parliament Questions and other enquiries from time to time. This data is regularly being supplied to ILJ, ILYB, ILS, Ministry's Annual Report, etc. for its printing.

Future Plans:

Regular compilation of Wage Rate Index from Base 2016 =100. The frequency of New WRI Series is half yearly starting from base 2016=100 on point –to-point basis i.e. first of January and July every year.